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Reagan's Condition 'Exceptionally Good'; Authorities See No Sign of Plot in Shooting



John Warnock Hinckley Jr., accused of an attempt on President Reagan's life, as he was being transferred in a police vehicle to his arraignment before a federal magistrate in Washington.

Hinckley: A Drifter With Gun

WASHINGTON — John Warnock Hinckley Jr. was held without bail early Tuesday morning by U.S. Magistrate Arthur L. Burnett on a charge that he had "knowingly and intentionally" attempted to kill President Reagan and had assaulted a Secret Service agent.

Mr. Hinckley, 25, the sandy-haired son of a self-made Denver oilman, was overpowered by policemen and Secret Service agents Monday at the scene of the attack on President Reagan. The Secret Service said he was carrying a .22-caliber pistol. The assistant director of the FBI, Roger Young, said the weapon was "famously called a Saturday-night special."

Magistrate Burnett issued his order at 1:32 a.m. after having heard the U.S. attorney for the District of Columbia, Charles Ruff, describe him as a "wandering, aimless and irresponsible" drifter who had a penchant for buying handguns, a person who had never held a steady job and who had been under psychiatric care.

Last October Mr. Hinckley was arrested while trying to board a plane in Nashville, Tenn., carrying three handguns on the day President Jimmy Carter visited the city. The weapons were seized and Mr. Hinckley paid a \$62.50 fine for carrying weapons on city property.

Mr. Hinckley's parents, in a statement from their home in an exclusive Denver suburb, said that their son "had been under recent psychiatric care" but that "these evaluations did not alert anyone to the seriousness of his condition." They added: "We love our son and will stand by him."



President Reagan waving to spectators outside the Washington Hilton Hotel seconds before he was wounded in a shooting.

Active Role Foreseen During Hospital Stay

WASHINGTON — President Reagan, in "exceptionally good condition" after successful surgery following an assassination attempt, resumed his presidential duties Tuesday from his hospital room.

About 17 hours after being shot in the chest by an assailant outside a Washington hotel, Mr. Reagan signed a piece of legislation. He was joking with doctors and nurses and was said to be in excellent spirits.

"I am sure he can attend to the important matters of government today," said Dr. Dennis S. O'Leary, who told reporters that the president "is doing extremely well" and could be discharged from the hospital in a week or two.

The acting White House press spokesman, Larry Speakes, reported that the president signed a dairy price-support bill when it was brought to him on his breakfast tray Tuesday. He said White House aides found Mr. Reagan sitting up in bed and brushing his teeth Tuesday morning.

Mr. Reagan, who is 70 but in excellent physical condition, underwent three hours of surgery Monday for removal of a .22-caliber bullet from his left lung. The bullet had entered under his left armpit, struck his seventh rib and burrowed three inches into the lung.

Also wounded in the shooting Monday were a Secret Service agent, a Washington policeman, and Mr. Reagan's press secretary, James S. Brady.

Suspect Is Charged

John Warnock Hinckley Jr., 25, the son of a wealthy Evergreen, Colo., oil executive, was arrested at the scene, and he was later charged in U.S. District Court with attempted assassination of a president and assault on a federal employee, the Secret Service agent. He was being held without bond and was to undergo psychiatric examination Tuesday to determine his competence to stand trial.

Sources said Monday night that the Justice Department had determined initially that the suspect acted alone. An FBI spokesman said he knew of no motive for the shooting.

After congressional leaders were briefed at the White House on Tuesday morning, Sen. Paul Laxalt, a Nevada Republican, said authorities had established a motive in the attempted assassination, but he refused to elaborate. However, the Senate Republican leader, Howard H. Baker Jr. of Tennessee, said, "It does not appear to be part of a plot."

Police said six shots were fired

Brezhnev, Others Express Shock

By Joseph Fitchett
International Herald Tribune

PARIS — President Reagan used a flood of messages of sympathy Tuesday from world leaders including Soviet President Leonid Brezhnev, expressing hope for his prompt, full recovery.

Private, European officials expressed relief at news reports indicating that Mr. Reagan appeared would not be seriously injured for a long time. "It was fitting to think of the U.S. president of action with Poland on knife-edge," a British diplomat said.

An attempt on Mr. Reagan's life occurred only hours after leaders of the independent Polish trade union Solidarity called off a general strike and backed down from confrontation with the government.

European officials also commended that Mr. Reagan's conscious might further delay the administration's policy-formulation process, which most of them felt has been slow in many areas of foreign affairs.

Citing another possible complicating factor for U.S. foreign policy, several European officials noted Washington reports that the highly visible role of Secretary of State Alexander M. Haig Jr. at the outset of the crisis may have exacerbated friction between his department and other administration officials.

News of the shooting — followed within hours by reassuring reports on President Reagan's condition — reached Europe and Asia during the night, so there was little time for reaction by governments or financial markets.

In the extensive international media coverage, many editorials dwelt on the problem of violence in American life and the list of attacks on U.S. leaders in the last two decades. But many also emphasized the pattern of continuity of U.S. policy even during acute presidential crises of the past.

Some diplomats acknowledged a feeling of alarm about the uncertainties which would face the West if Mr. Reagan had been killed or maimed and the United States plunged into a transition period amid heightened tension with the Soviet Union. Several officials noted that Mr. Reagan's disappearance from office might make the Soviet leadership readier to challenge U.S. determination in a crisis.

In his message, Mr. Brezhnev said: "In the name of the Soviet leadership and myself personally, I wish you, Mr. President, a full and speedy recovery." He expressed indignation at "this criminal act."

China also condemned the assassination attempt and wished the wounded U.S. leader well.

U.S. allies all sent messages wishing Mr. Reagan a quick recovery and expressed condolences over the others who were wounded in the assassination attempt. In this, European leaders were joined by both Israel's Prime Minister Menachem Begin and Egypt's President Anwar Sadat.

Similar messages — including (Continued on Page 3, Col. 1)

Haig Role Revives Crisis Policy Issue

WASHINGTON — The sudden incapacitation of President Reagan revealed confusion in the White House over the line of authority in the event of a national crisis and brought new reports of strains involving Secretary of State Alexander M. Haig Jr.

There were reports of displeasure at Mr. Haig's public assumption of control at the White House Monday before Vice President Bush returned from Texas in the wake of the wounding of the president. But Deputy Press Secretary Larry Speakes said Tuesday that Mr. Haig had acted properly.

"The important thing to note on that is the White House did not skip a beat, the government did not skip a beat, the White House performed effectively," Mr. Speakes said Tuesday. "There was not a single ripple."

He indicated that there was no apparent friction about Mr. Haig's stepping into the command position. "There was a complete spirit of cooperation," he said. "It was a team effort. I think it is significant."

Monday afternoon, Mr. Haig appeared before a national television camera at the White House to say, his voice quavering with emotion: "Crisis management is in effect..."

"As of now, I am in control here, in the White House, pending return of the vice president, and in close touch with him."

Mr. Haig said: "Constitutionally, you have the president, the vice president and the secretary of state in that order."

But at 9 p.m. Monday, Mr. Speakes appeared to contradict him. Secretary of Defense Caspar W. Weinberger was, after the vice president, to take command in the event of a crisis, Mr. Speakes said. Mr. Weinberger, not Mr. Haig,

Attack Could Shake New U.S. Confidence

By Hedrick Smith
New York Times Service

WASHINGTON — Political Washington has recoiled with the fear that the political casualty of a shooting new assassination attempt on a president might be the slowly returning national self-confidence rekindled lately by the release of the American hostages in Iran and the start of a new administration.

"It shatters what appears to be a new, more upbeat, optimistic mood after the hostage release and the beginning of the new administration," commented Richard Wirthlin, President Reagan's pollster and a long-time measurer of public opinion.

"Everybody is hopeful that America can make it," added Peter Hart, a Democratic pollster. "People want to pull together and the thing that is disastrous about this incident is being pulled apart and wondering again."

In hotel lobbies, on sidewalks, in the halls of Congress, the constant television replay of the rapid fire, the ducking president and his fallen aides summoned mental flashbacks to the earlier killings of President John F. Kennedy; his brother, Robert; Martin Luther King Jr. and, more recently, John Lennon. Politicians worried aloud about violence in America and spoke with despair about the fragile safety of its leaders.

Vulnerable

"We invest a lot in a president as a single person," observed Carl N. Degler, a Stanford University scholar of U.S. social history. "To have him vulnerable this way is shattering to people. It does bring you back immediately to the question of how can we be governed."

"The president is a symbol of the nation and Reagan has looked strong in that role, as John Kennedy and Richard Nixon did," observed Andrew Hacker, a political scientist at Queens College in New York City. "When you take him away to a hospital bed, even for a day, the nation feels deserted. No one is at the controls."

But Mr. Hacker and another social scientist, Amihai Etzioni, director of the Center for Policy Research in Washington, said that if Mr. Reagan recovered from his chest wound, the incident would not cause lasting damage to the public's political resilience.

"Over the long run, it will not pull us down into a blue mood if he recovers," said Mr. Etzioni. "The media will say this is part of a wave of violence but that's not what the public is going to feel. People won't identify with the assailant. I don't think they will feel it reflects on our institutions, on our capacity to deal with the future, or on ourselves as Americans. But if the president is incapacitated and it forces a change, that would be very shocking to people."

Doubly Wounded

But others were less optimistic about the public mood. "There has been a buoyant feeling because there has been action in Washington and that's going to be shattered by this shooting," Mr. Degler asserted. "People will be doubly worried that maybe the Reagan programs won't work and now that something is loose in the country since the president is under the threat of violence."

That seemed to reflect the immediate reaction of political Washington. With an almost convulsive

Brady, Others Express Shock

from a .22-caliber pistol that Mr. Hinckley had purchased from a pawn shop in Dallas last October.

Witnesses said the alleged assailant was waiting in a crowd of reporters and spectators outside the ballroom entrance of the Washington Hilton Hotel, where Mr. Reagan had just addressed the Building and Construction Trades Union.

Mr. Brady, 40, was reported in serious but improving condition Tuesday after surgery. He was shot in the forehead as the presidential party was leaving the hotel.

Dr. O'Leary, dean for clinical affairs at the George Washington University Medical School, said a bullet had passed through Mr. Brady's brain. He said the press secretary was making "extraordinary progress" but had extensive damage to the right side of his brain.

Both the president and Mr. Brady were at George Washington University Hospital.

Mr. Brady, who was five feet from the president and no farther from the assailant at the time of the shooting, was the most gravely injured of those hit. The Secret Service agent, Timothy J. McCarthy, 31, was reported in good condition Tuesday, and the Washington policeman, Thomas K. Delahanty, 45, was listed in serious condition.

'Exceptionally Good'

Mr. Reagan, told for the first time Tuesday that Mr. Brady had been seriously wounded in the shooting, replied: "Oh, damn. Oh, damn." James A. Baker 3d, the president's chief of staff, said Mr. Reagan's "eyes welled up with tears" when he received the news from the White House physician, Dr. Daniel Ruge, just after noon. Informed that the two officers were also wounded, Mr. Reagan replied: "That means four bullets hit. Oh, Lord."

Earlier, Dr. O'Leary said Mr. Reagan was "doing extremely well" and was in "extraordinary good condition" despite a restless night. He was said to have been (Continued on Page 3, Col. 3)

Solidarity Moderates and Radicals Clash Over Walesa's Agreement With Regime

By Joseph Fitchett
International Herald Tribune

WARSAW — Moderates and radicals clashed at a stormy Tuesday night as Solidarity leaders debated whether to accept a government-union compromise and formally call off a threatened general strike.

Many delegates accused the union's 10-man negotiating team, led by Solidarity chief Lech Walesa, of a sellout. But the union's top leadership expressed "reluctance" that moderates would carry the vote.

"Everybody here seems to be just the compromise and wants a 'no-strike' one of the Solidarity negotiators, Bogdan Lis, reporters during a break in the singing at the Lenin shipyard in Gdansk.

The discussion is likely to last 12 hours and although the delegates are angry, I think that in the end they will vote for Lech Walesa.

Walesa Suspended

Solidarity had planned a general strike Tuesday, but suspended the call Monday night after meeting about the settlement with the government.

Mr. Walesa told reporters he was convinced that common sense would win. "We are destroying ourselves, and we must negotiate rather than use our highest caliber weapon," he said.

The agreement centered on demands arising from a police attack on unionists in the city of Gdansk March 19 in which 10 activists were badly hurt.

A letter from two of the victims, Ryszard and Mariusz Labonicki, was read out at Tuesday's meeting, and it was highly critical. "We did not gain anything, less than some bungling negotiations," it stated. "We can compromise on the supply of onions, not when blood has been shed."

The government, Monday seemed to put on a face that was responsible for the violence in

Belgian Crisis Over Economic Plan

Belgian Premier Wilfried Martens offered his resignation after failing to resolve a Cabinet split over economic measures. Page 3.

Another Atlanta Child Found Slain

A 21st case has been added to the list of unsolved child deaths in the Atlanta area. Page 5.

Violence Wracks Gaza Strip

The placid surface of everyday life belies the seriousness of the religious and political violence that plagues the Israeli-occupied Gaza Strip. Page 5.

Focus on West Germany

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Vice President Bush, followed by White House chief of staff Edwin Meese 3d, arriving to speak to newsmen in Washington Monday after the assassination attempt on President Reagan.

Outside the Hotel: Cheers, Then Gunshots

By Lou Cannon
Washington Post Service

WASHINGTON — It was a routine scene that Ronald Reagan as politician and president had played a thousand times. Mr. Reagan had delivered his basic speech, appealing for support for his economic program and deploring the increase in violent crime which was "making neighborhood streets unsafe and families fearful in their homes."

A white handkerchief in his pocket, seemed happy to be president. Outside the hotel more than 100 persons had gathered. Mr. Reagan, as he always does, paused and waved to the crowd. The crowd cheered. Nearby, the president's press secretary, James S. Brady, walked toward a staff car, not looking at the president. To Mr. Reagan's left, slightly more than 10 feet away in a roped-off area, members of the crowd mixed with reporters and television cameramen who were photographing the president's departure.

Michael Putzel of The Associated Press, ready with the inevitable question, called out, "Mr. President. Abruptly, the scene changed.

Shots rang out, six of them in quick succession, with a slight pause between the second shot and the third. The shots appeared to come from the roped-off press area to the left of and below the president. To those close to the rope restraining the press, the shots sounded like firecrackers. A woman screamed, "Get back, get back." Other agents jumped on a tall, blond man who was facing the president and holding a handgun. They pinned him against the concrete wall of the hotel.

Mr. Reagan stood motionless as the shots rang out. One witness said he winced. Mr. Putzel said, "The smile just sort of washed off his face."

In the noise of the crowd, those who saw the president at first thought he had emerged unscathed. They saw a Secret Service agent shove him into the right rear seat of his armored limousine. They saw Mr. Reagan hunched in the seat of the limousine, his body leaning to the left.

And in front of them on the street they saw three men go down from the shots — one of them struck near the right eye. The man who had been shot in the head fell face forward, sprawled across a grate. Blood dripped from his head across the grate and down the sidewalk toward the hotel entrance. The man was Mr. Brady. Near him on the sidewalk lay Timothy J. McCarthy, a Secret Service agent and Thomas K. Delahanty, a District of Columbia policeman.

By now, the crowd was growing and Secret Service agents and police were yelling to clear the street. The limousine bearing the wounded president sped off, with bullet holes in the rear door and rear window.

The three wounded men remained on the sidewalk outside the Hilton. Mr. Brady's head wound continued to bleed. Within minutes, two ambulances arrived to take the wounded men away.

Police Car Locked

Meanwhile, Secret Service agents protected the man who had been holding the gun. They took him to a police car and tried to put him inside. But the door was locked, so they took him to another police car instead.

Most of the reporters who had watched Mr. Reagan speak to the national conference of the building trades unions were still inside the hotel. The first they knew of it was when Dean Reynolds of United Press International ran by them, pushing people aside in his haste to reach a phone.

Outside the hotel, despite the best efforts of the police, the crowd was growing. Reporters interviewed people at random and each other, hoping to find a witness. They found several, including a television cameraman, who had photographed most of the event.

The television cameraman was Henry M. Brown of ABC, who said he had complained earlier to the Secret Service that members of the public had "penetrated the police line," creating crowded conditions in the press area and making it difficult to work. His complaint went unheeded. He was standing near the assailant when he started to fire.

"He just opened up and kept squeezing the trigger," Mr. Brown said.

Another television cameraman, Stephen P. Sung of NBC said: "We were facing them. We're doing a documentary on the first 100 days of the presidency, and we were in the pool. A blond guy, 29, 30, brings a gun right in Reagan's line of sight. I saw Reagan drop, then six people pushed him (the assailant) against the stone wall. They tackled his whole body and wrestled him against the stone wall. Then they rushed him into a police car. Brady was very bad. There was blood all over his face. He moved a little bit."

First News

By now, the first news of the story was appearing on radio and television news bulletins, and reporters rushed to the Hilton from all over the city. Police hastily cordoned off the shooting area. Few at the scene knew that the president himself had been hit, and their knowledge of what had happened was not improved when David Prosper, a deputy White House press secretary, informed them that Mr. Reagan was uninjured and safely back at the White House.

But there were those at the Hilton who had actually seen what had happened.

Three of the witnesses were from Davenport, Iowa. Mayor Charles Wright, city administrator Robert Mulready and assistant city administrator Michael Kadlecik were in Washington to lobby for federal programs which the Reagan administration would like to cut. One of their meetings had been canceled when they came back to the Hilton they were told the president was there.

"Let's go see the president," Mr. Mulready said. Mr. Kadlecik had been outside for 20 minutes, standing near the man who fired the gun. Mr. Kadlecik noted his arm come up with a bang and the shot ring out. Immediately, the assailant was buried by Secret Service agents, and Mr. Kadlecik ran for cover behind a potted plant.

Bit by bit, the reporters at the scene began to piece together what had happened. But it was 45 minutes before they learned the most crucial information, which was that Mr. Reagan was not back at the White House at all but at George Washington Hospital with a bullet in his chest.

Everyone present had a nearly identical description of the assailant as a "white, blond male," and one said he was wearing a raincoat, a blue shirt and dark trousers. No one knew who he was. Several minutes after reporters at the scene learned that Mr. Reagan had been shot, they also heard that the suspected assailant had been identified as John Warnock Hinckley Jr. of Evergreen, Colo.

In California, when he became governor during a time of civil protests and disturbances, Mr. Reagan was known to be concerned about whether he was adequately protected. These concerns faded as the years went by without incident. But they were revived on Nov. 20, 1975, the first day of Mr. Reagan's campaign against then President Gerald R. Ford, when a man in a Florida crowd pulled a toy pistol on him.



In scenes from television monitors, a gun (top photograph, circled), apparently that of the assailant, is pointed at the presidential limousine as President Reagan is hustled into the car and others are sprawled on the sidewalk outside the Hilton Hotel. The man at top center was identified as Timothy J. McCarthy, a Secret Service agent wounded in the shooting. In the photograph below, agents are shown wrestling with the suspect, center, identified as John Warnock Hinckley Jr.

TV Offers Vivid Look At Shooting

By Tony Schwartz
New York Times Service

NEW YORK — Videotapes of the attempted assassination of President Reagan began running on the three major U.S. television networks less than half an hour after the shooting at the Washington Hilton Hotel. What ensued was graphic documentation, from a variety of camera angles, of the attempt on the president's life.

ABC was the first of the three networks to televise footage of the shooting, beginning at 2:42 p.m. EST Monday, minutes after it began. Both NBC and CBS started to air their coverage at 3 p.m. All three networks continued with uninterrupted coverage throughout the day.

NBC went ahead with its coverage of the championship game of the National Collegiate Athletic Association basketball tournament, but offered a special report on the day's events at halftime.

The three networks routinely assign a correspondent and a camera crew to all presidential events, including speeches like the one Mr. Reagan delivered before he was shot.

Although none of the networks was covering the president's speech live, the videotapes of the shooting evoked memories of NBC's live coverage of the shooting of Lee Harvey Oswald, former President John F. Kennedy, accused assassin, by Jack Ruby, 1963.

The repeated running of the tapes of Monday's shooting drew home a number of images that are certain to endure: President Reagan being pushed down into his limousine afterward; his press secretary, James S. Brady, lying face down on the pavement; the suspect, John Warnock Hinckley Jr., being surrounded by law enforcement officials, and a Secret Service agent standing beside Mr. Hinckley and holding his automatic weapon aloft to protect the suspect.

As the networks began to report the story, a significant amount of misinformation was passed along. The most extraordinary error, which all three networks committed, was a late afternoon report that Mr. Brady had died.

Obituaries

CBS made the announcement first, at 5:10 p.m., attributing it to congressional sources. Both Dan Rather, the CBS anchorman, and Frank Reynolds, the ABC anchor, delivered obituaries on Mr. Brady. Less than half an hour later, Larry Spangler, a White House spokesman, appeared to say that Mr. Brady was in serious condition but that he had not died.

The reports on Mr. Reagan's condition were confused throughout the afternoon. At first all three networks reported that Mr. Reagan had not been shot. Then, after learning that he had been shot, the networks swayed back and forth on whether or not the president was actually undergoing surgery.

The event marked the first major story for Mr. Rather in his new role as the CBS anchor, replacing Walter Cronkite. Mr. Rather's style was calm and low-key and he generally stuck closely to the news. He did inject one subjective note, describing as "rather patronizing" the tone of Secretary of State Alexander M. Haig Jr. at a news conference, where Mr. Haig said incorrectly that the secret of state was in line for the press. Rather pointed out that the line of succession is vice president, speaker of the House of Representatives and president pro tem of the Senate.

Oscar Awards Postponed

LOS ANGELES — A meeting from President Reagan, tape week, was to be aired Tuesday night at the Academy Awards ceremony, which was postponed 24 hours after he was shot.



Diagram depicts assassination attempt on President Reagan. Mr. Reagan and three others (A,B,C,D) were shot in front of the VIP exit at the Washington Hilton by an assailant, who was captured on the spot. The president was pushed into his car and taken to the hospital. Stationed behind were the Secret Service car (SS on the diagram) and the presidential staff's limousine.

Reagan 'Sails Through' 3-Hour Surgery To Drain Blood, Pull Bullet From Lung

By Susan Okie
and Victor Cohn
Washington Post Service

WASHINGTON — President Reagan "sailed through" three hours of surgery at George Washington University Hospital to drain blood from the left side of his chest and remove the bullet lodged in his left lung, a doctor said.

A surgical team led by Dr. Benjamin L. Aaron and Dr. Joseph M. Giordano performed a thoracotomy, an operation in which the rib cage was opened and the president's heart and lungs were examined.

"He certainly sailed through it," said Dr. Dennis S. O'Leary, dean for clinical affairs at George Washington University Medical School. Considering that Mr. Reagan is 70, Dr. O'Leary said, his response to surgery was "maybe not medically extraordinary, but just short of it. . . . His physiology is really very young." The doctor added: "At no time was he in any serious danger."

About two quarts of bloody fluid were drained from the left side of the chest, where they had collected between the lung and the lining of the chest cavity. The president also received a transfusion of about 2 1/2 quarts of blood — a substantial amount, as an adult body contains a total of about six quarts.

Dr. O'Leary said the bullet had not struck the heart or any major blood vessels within the chest. It entered the chest below the left arm, traveled slightly downward and struck the seventh rib, then ricocheted into the chest, traveling about three inches through the lower lobe of the left lung.

All the bleeding appeared to be caused by the wound made in the lung tissue, Dr. O'Leary said. He said the bullet, severely distorted by its collision with the rib, had been removed from inside the chest.

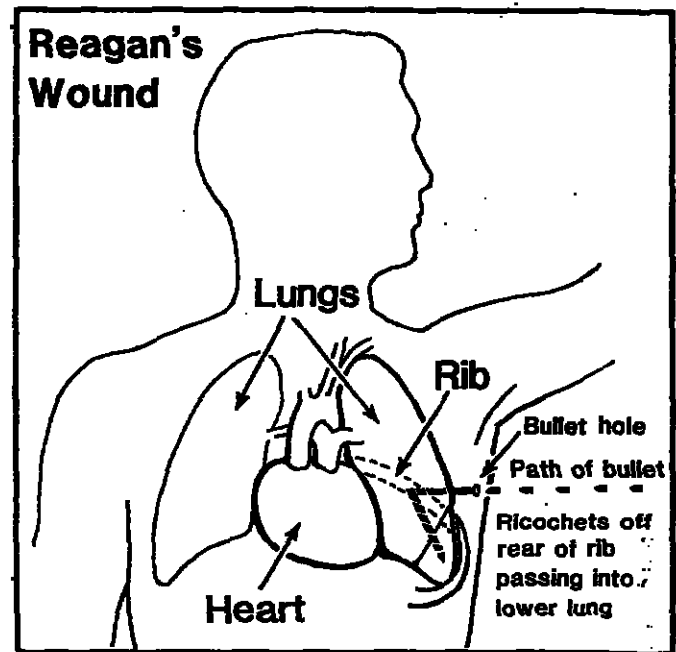
According to Michael Borowski, a technician who was present during the surgery, Dr. Giordano and another doctor first performed a minor operation called a peritoneal lavage. In this operation, fluid was put into the president's abdomen through a small incision below the navel, then drained out again to make certain that there was no bleeding from injury to abdominal organs.

Dr. O'Leary said the fluid was clear, indicating that no such injury had occurred.

Next, Mr. Reagan had to be rolled from his back onto his right side for the second, more major operation, the thoracotomy. Mr. Borowski said that to perform the thoracotomy, Dr. Aaron and Dr. Kathleen Cheyne, a clinical instructor in surgery, made a six-inch horizontal incision on the left side of the chest, just under the nipple. They then used instruments to spread the ribs apart and carefully examined the lung, heart and major blood vessels to locate the bullet and to determine the extent of damage.

"They couldn't find the bullet at first," Mr. Borowski said. He said they tried different tactics, finally taking an X-ray while the president was on the operating table.

He said two Secret Service agents, wearing surgical scrub suits, stood in corners of the room



Dr. Dennis S. O'Leary of George Washington University Hospital showing how an incision was made in President Reagan's chest by surgeons who removed a bullet from his left lung.

throughout the surgery watching the procedure.

According to a nurse's aide who watched, Mr. Reagan walked into the hospital supported by Secret Service agents, but collapsed to the floor once he got inside and was carried into the emergency room's trauma area. "He looked pale," the aide said. "He looked in pain."

Doctors immediately inserted a chest tube through the skin and muscles and into the space between the lung and chest lining, to drain blood that had collected and to reinflate the collapsed left lung. Dr. O'Leary said that once the chest tube had been inserted, Mr. Reagan's lung reinflated and began to function again.

About 40 minutes elapsed between Mr. Reagan's arrival in the emergency room and the time the

operation began, Dr. O'Leary said. The president was under general anesthesia during the operation, and his breathing was controlled mechanically by a respirator.

The thoracotomy was a major operation for a man of Mr. Reagan's age. "It's a traumatic situation in a 70-year-old man," a doctor said. Even without a wound, he said, "opening the chest in a man that age can be a problem."

Regan Sets London Trip

WASHINGTON — Treasury Secretary Donald T. Regan, in his first trip abroad since taking office, will meet the finance ministers of Britain, West Germany, France and Japan in London April 10-12, U.S. officials said Tuesday.

Brady Has Brain Damage But Is Expected to Live

The Associated Press

WASHINGTON — White House Press Secretary James S. Brady, gravely wounded in the assassination attempt against President Reagan, is making "extraordinary progress" and probably will live despite extensive bullet damage to the right side of his brain, a doctor said Tuesday.

Dr. Dennis O'Leary, chief of clinical affairs at George Washington University Hospital, told reporters that Mr. Brady could move his limbs on the right side of the body — which is controlled by the left half of his brain — on command by his doctors.

But Dr. O'Leary ducked a question about possible paralysis of the left side of Mr. Brady's body, saying, "We are not able to assess that until we get a little further downstream."

Mental Capacity

Both of Mr. Brady's pupils respond to light, which Dr. O'Leary said was encouraging.

The doctor was optimistic about Mr. Brady's eventual mental capacity because "all his mental processes are on the left side," which sustained little damage.

One half of the brain is usually dominant, controlling most mental processes. For Mr. Brady, Dr. O'Leary said, the left half dominates.

"We really don't know how he's going to end up," Dr. O'Leary said. "We believe he is going to live. We are cautiously optimistic."

A Secret Service agent and a District of Columbia police officer who also were wounded in the attack were both reported to be recovering.

Secret Service agent Timothy J. McCarthy was wounded when he apparently jumped in front of President Reagan as the shots were fired.

Mr. McCarthy, who has been as-

Khomeini Indifferent About Reagan's Fate

Reuters

TEHRAN — Ayatollah Ruhollah Khomeini said Tuesday it made no difference to him whether President Reagan lived or died.

In a speech to leaders of student associations broadcast by state radio, the Iranian leader said that "we do not know whether the attack has been successful or not, but it makes no difference to us."

sioned to protect presidents for the last two years, was hit in the stomach by one of the six shots fired from a .22-caliber revolver Monday. He underwent surgery and was reported in stable and good condition Tuesday at George Washington University Hospital.

Thomas K. Delahanty, a 17-year veteran of the District of Columbia police force, was shot in the neck and shoulder. He was listed in fair condition Tuesday at the Washington Hospital Center.

Television tapes of the incident show that as the first shots were fired, Mr. McCarthy reacted by jumping in front of Mr. Reagan. After he was hit, Mr. McCarthy lay on the sidewalk for several minutes, apparently the last of the injured man to be attended. It is an occupational hazard — Secret Service agents are told that in an assassination attempt they will be treated last.

Change of Plan

Earlier Monday Mr. Brady had assigned another press aide to accompany the president to the hotel, but decided to go himself after completing the daily White House briefing for reporters.

The bullet that struck Mr. Brady entered his head beside the left eye and came to rest in the right rear portion of the skull, from which it was removed intact, Dr. O'Leary said. He described tissue damage on the right side as "fairly extensive" but only "minimal" on the left side.

The hospital listed Mr. Brady's condition officially as "serious but improving."

The 40-year-old Mr. Brady, the father of a 2-year-old son and a college-age daughter, was shot Monday afternoon as he walked out of a Washington hotel near President Reagan.

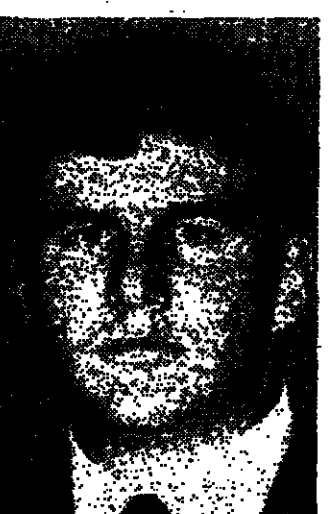
As security agents pushed the president into his car, Mr. Brady crumpled to the sidewalk, dropping face down on a grate, blood spilling from his head.

Mr. Brady's wife, Sarah, was at his bedside. His 74-year-old mother, Dorothy, was brought to Washington from her home in the southern Illinois town of Centralia in a state-owned plane provided by Gov. James R. Thompson. Mr. Brady's father, Harold, an 85-year-old retired railroad worker who recently suffered a stroke, remained at home.

"We heard from the White House three or four times, with all kinds of offers of help," Mr. Brady's mother said. "All we can do is pray."



James S. Brady



Timothy J. McCarthy



Thomas K. Delahanty

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Secret Service Detail Routine' for Reagan

By Charles Mohr
New York Times Service
WASHINGTON — The Secret Service White House protective detail formed a loose and shifting shield around the president on Monday afternoon, a so-called line detail — as it does hundreds of times a year. The shield suddenly pierced by a gun's bullet before agents could grasp their own bodies, as they do, or fire a shot, as they very seldom do in the service's history.

Reagan Gets Condolences

(Continued from Page 1)
uncinations of terrorism — one from Japan, Australia, Iran, Turkey and Chile. In Latin America, El Salvador's ambassador said: "This is an act of regret and a chance to get out that violence is not the way to resolve problems." Mexican President Jose Lopez Portillo said: "Unfortunately, assassinations of public figures have been frequent in the United States." This theme of U.S. violence reared in many newspaper commentaries. In Britain, editorialists said that the U.S. public and legislators accept the idea of gun control legislation.

Finds Kill 1 in Sicily

PALERMO, Italy — Winds up 66 mph swept western Sicily on Tuesday, tearing roofs off houses, disrupting road and air traffic, uprooting lemon and orange trees and killing one man the collapse of an old house in Palermo, police said. Two wind-fanned forest fires were burning in the Catania area.

White House Confusion Shows in Reagan Crisis

(Continued from Page 1)
cials were still up in the air, despite this advice.
A CBS news report said Mr. Weinberger and Mr. Haig had an argument over the Haig appearance and that new strains had come out of the incident.
The result Monday was confusion over just who was in control of the U.S. government after the president had been shot and the vice president was out of the city.
The confusion was understandable, in light of the rapidity of the day's events. But David Gergen, deputy to the White House chief of staff, acknowledged later that officials had not checked the law and the Constitution on the subject and that the arrangements described by Mr. Spokes were informal.
The White House announced last week that the president had named Mr. Bush to coordinate and control governmental action in time of international or domestic crisis. Mr. Haig complained publicly about the decision, indicating that it was impinging on his foreign policy management role, and on Wednesday met with the president to discuss it.
Mr. Reagan and administration officials denied reports that the secretary of state had threatened to resign. The president's letter called him "my principal adviser on foreign affairs," but Mr. Bush's crisis management post was reaffirmed.
In the Constitution, the 25th Amendment, ratified in 1967, pro-



Nancy Reagan arriving at George Washington University Hospital Tuesday to visit her husband.

President Recovering Nancy Reagan, Children Visit President's Bedside

(Continued from Page 1)
awake most of the time, joking with doctors and nurses attending him. The president, a former movie actor, was quoted as telling them: "If I'd gotten this much attention in Hollywood, I would have stayed."
The first lady was accompanied to George Washington University Hospital by her son Ron, a ballet dancer, and daughter, Patti Davis, an actress. Mr. Reagan's two children from a previous marriage, Maureen and Michael, were planning to visit the president separately.

Barbara Cook, assistant press secretary to the first lady, said Mrs. Reagan was awake at about 5:30 a.m. Tuesday when Maureen, Michael, Patti and Michael's wife Colleen arrived at the White House after flying from Los Angeles to Washington aboard an Air Force transport plane.
Ron, 23, and his wife Doria had arrived Monday afternoon by chartered plane from Nebraska, where Ron was appearing with the Joffrey Ballet company.
On Monday night, while doctors operated on her husband, Nancy Reagan slipped into the hospital chapel and emerged after a few moments, tears in her eyes. It was the most emotion that White House aides saw in the president's wife during her vigil near the operating room at George Washington University Medical Center.
The first lady was described by her press secretary, Sheila Patton, as "composed and calm" throughout the operation, receiving periodic reports on the progress of the surgery. After the operation, Mrs. Patton said, "a greatly relieved and very grateful" Mrs. Reagan spoke to her still groggy husband and then returned to the White House.
She had what Mrs. Patton described as "private meetings" with Sarah Brady, wife of press secretary James S. Brady, who also was wounded in the assassination attempt, and with the wife of the wounded Secret Service agent.
Mrs. Reagan had just returned to the White House from a Georgetown luncheon when a Secret Service agent told her she had been fired at the president's left a Washington hotel. Initial reports indicated the president had escaped injury and was accompanying the wounded Brady to the hospital.
With Ed Hickey, a long-time friend who now heads the White House military office, the first lady rushed to the hospital six blocks away. Only there did she learn that her husband had also been wounded.
She found him in the emergency room, conscious and joking as the

Resignation Is Offered By Martens

Belgian Cabinet Split Over Wage Freeze

By Paul Bolding
BRUSSELS — Premier Wilfried Martens offered his government's resignation Tuesday and King Baudouin held what was called an unprecedented meeting of political, trade union and industry leaders to discuss Belgium's latest political crisis.
The monarch said he wanted an end to the political instability that had given Belgium seven governments in as many years. "It is impossible to conduct affairs under these conditions," he declared.
Mr. Martens offered to step down after failing to heal a split in his Socialist-Christian Cabinet on an economic policy. The king's decision to accept the resignation or ask Mr. Martens to stay on is not expected before tomorrow.
The premier in effect had called for a wage freeze until the end of the year, but the Socialists maintained their firm opposition to the idea, political sources said.
While King Baudouin usually takes more interest in political development than many constitutional monarchs, his decision to summon 18 leaders of labor, business and politics to the royal palace was an innovation.
He said he had called the gathering "to tell you of my feelings on the seriousness of the situation." Economic problems, the king asserted, are leading to a deterioration of the economic fabric of Belgium, threatening the well-being of the people and the future of the country. He said he would begin formal consultations on the crisis with political leaders Wednesday.
It is thought likely he will ask Mr. Martens to make a last effort to reunite the government before allowing him to step down. The four-party government is Mr. Martens' fourth since April, 1979, when he became premier without any previous experience of government.

U.S. Firm Fined for Eluding Iran Trade Ban

NEWARK, N.J. — A U.S. company that illegally shipped goods to Iran by way of West Germany and the Soviet Union must pay a \$40,000 fine, a federal judge has ruled in the first criminal case prosecuted under former President Jimmy Carter's trade ban.
U.S. District Judge Clarkson S. Fisher said Monday that the fine against Geils & Foerster Marine Electric Inc. was half the maximum amount because he was concerned that the New Rochelle, N.Y., firm would be forced to dismiss workers or go out of business.
The company admitted in court in February that it shipped 200 welding machines worth \$300,000 to Iran, violating the trade ban Mr. Carter ordered after the seizure of hostages at the U.S. Embassy in Tehran in November, 1979. It also paid \$10,000 in civil damages.

Yugoslavs Brace For New Floods

BELGRADE — High winds were threatening emergency dikes along the Danube and Sava Rivers as flooded areas braced for another rise in water levels expected this weekend. It would be the second time in less than a week that flooding along the two rivers has reached record levels.
Strong winds have been blowing for two days, sometimes reaching 84 miles an hour and raising three-foot waves on the Danube.
The floodwaters, the highest in Yugoslavia in this century, have caused landslides and threatened more than 4,600 houses, and officials have declared 180 areas in danger. In Romania, too, levels along the Danube have reached the highest of the century.

General Pledges Firm Leadership For Argentina

BUENOS AIRES — Gen. Roberto Viola has pledged to lead his 28 million countrymen "with prudence and firmness toward a full operation of democratic institutions" during his three-year term as president of Argentina's military regime.
In his inaugural speech Monday night, Gen. Viola did not promise elections but did announce that political parties, barred from activity since the 1976 military coup, would be allowed to function during his term under long-expected legislation being drafted by the three-man military junta.
The junta chose the general to continue a national reorganization designed to give Argentina a stable economy and democratic rule. He replaced Gen. Jorge Videla, who was limited by the junta to a five-year term after the overthrow of President Isabel Peron.
"My term in office will be characterized by prudence and firmness," Gen. Viola said. "Prudence to discourage hurried or simplistic solutions, firmness to avoid any detour from the objectives the armed forces set five years ago to reorganize a country on the verge of disintegration."

DeWitt Wallace, 91, the U.S. Publisher Who Founded the Reader's Digest, Dies

MOUNT KISCO, N.Y. — DeWitt Wallace, 91, founder of the Reader's Digest, died of pneumonia at his home here Monday night, a spokesman for the magazine said Tuesday.
He had undergone abdominal surgery at Columbia Presbyterian Hospital in New York City about three weeks ago and returned to his home, High Winds, a short while later, the spokesman said.
His peers in the publishing field ridiculed Mr. Wallace's idea for a magazine that contained condensations of articles from other sources and no fiction. Even the astute William Randolph Hearst saw no future in such a venture.
100 Million Readers
But Mr. Wallace persevered and the eventual result was the Reader's Digest, currently published in 15 languages, with a U.S. circulation of 18 million copies monthly. An additional 12.5 million copies circulate abroad in 162 countries.
More than 100 million people are estimated to read the compact little magazine each month.
But success was a long time coming for Mr. Wallace, who described himself as a moody worrier.
Born in Saint Paul, Minn., he was the son of Dr. James Wallace, a wealthy and finally successful doctor at Macalester College there.
As a young man, Mr. Wallace became convinced there might be a market for a magazine that condensed articles of general interest from other publications.
In 1920, after being seriously wounded in World War I, Mr. Wallace issued a sample copy of the Reader's Digest, but it attracted little interest.
One of his few staunch supporters was Lila Bell Achson, sister of a Macalester classmate whom he had met during a Christmas vaca-

WORLD NEWS BRIEFS

Allies Reaffirm Decision to Use U.S. Missiles

BRUSSELS — European members of the North Atlantic Treaty Organization Tuesday urged the United States to work toward missile reduction talks with the Soviet Union, but reaffirmed a decision to deploy 572 nuclear missiles pending the outcome of negotiations.
The request was made at a meeting of NATO representatives with Lawrence S. Eagleburger, U.S. assistant secretary of state for European affairs, an allied official said.
The official said Mr. Eagleburger and the allies were in harmony on the need for both missile deployment and talks to reduce the level of weaponry in Europe. He said the allies "made the point today that proceeding with the arms control track is an important part of political life in Europe."

China Is Expected to Back Sihanouk Effort

PEKING — China will back efforts by former Cambodian head of state, Prince Norodom Sihanouk, to form a united front against Vietnam's forces in Cambodia, senior officials said Tuesday.
But it was hard to predict whether he would succeed, the sources said, adding that Prince Sihanouk often changes his mind. "He may say one thing in the morning and switch to another in the afternoon," the sources said.
They said it was China's view that all "patriotic forces" in Cambodia should unite to drive out the Vietnamese who toppled the Khmer Rouge government and occupied the country in 1979.

Egypt Selling Ammunition to Iraq, Sadat Says

CAIRO — President Anwar Sadat said on Tuesday that Egypt was selling ammunition to Iraq, one of its severest critics in the Arab world. He said that the sale was in gratitude for past Iraqi arms deliveries to Egypt, but that he still believed Baghdad had been wrong to invade Iran last year.
Cairo has maintained neutrality in the Gulf conflict, and Mr. Sadat said the ammunition sale should not be seen as a change in that position.
Iraq was one of the Arab states that led the campaign to isolate Egypt after Cairo signed the 1979 peace treaty with Israel. The Egyptian leader said Baghdad had approached him for the arms assistance through an intermediary.

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State Troopers Disperse EEC Farm Protesters

BRUSSELS — State troopers used tear gas Tuesday to disperse an estimated 4,000 farmers demonstrating in front of the European Economic Community Council of Ministers building where farm ministers were discussing farm price increases for the 1981-82 marketing year.
The farmers, mainly from France, Italy and Belgium, brandished signs demanding a 15-percent price increase for their produce to match rising costs. The farmers occasionally bombarded a double cord of state troopers with eggs, tomatoes, oranges, bottles and stones before being dispersed.
Inside the building, the farm ministers discussed a new compromise proposal for an 8.8-percent price increase.

Slander Trial of Dissident Begins in Moscow

MOSCOW — The trial of human rights activist Tatyana Osipova, charged with "spreading slanderous materials" against the Soviet state, began in Moscow city court Tuesday, Tass reported.
Mrs. Osipova, 32, was arrested last May 27. She was one of the most active members of the group founded in 1976 to monitor Soviet compliance with the 1975 human rights agreements signed in Helsinki. She faces a maximum sentence of seven years imprisonment and five additional years of internal exile.
Tass said she is "accused with her accomplices of making, keeping and spreading over the past three years slanderous materials which malign the Soviet state and social system."

Marcos Challenges Opponents to a Debate

MANILA — In a departure from past aloofness, President Ferdinand E. Marcos has challenged some of his political opponents to a debate Thursday and they have accepted.
The United Democrats' Opposition, known here as a moderate group, announced Monday that it had accepted the challenge and said that one of its members would be selected by lot to face Mr. Marcos in the debate, which is to be broadcast. The main issue is a proposed amendment to the Philippine Constitution that would authorize Mr. Marcos to run for a six-year term with all-embracing powers.

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4 Afghan Envoys Defect To U.S., UN Official Says

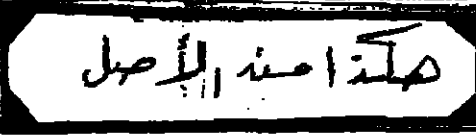
NEW DELHI — Four diplomats from the Afghanistan Embassy who secretly helped their countrymen flee Soviet-occupied Afghanistan have defected to the United States, a UN official said Tuesday.
Other sources not connected to the U.S. Embassy in New Delhi confirmed the freedom flight and said the U.S. mission quietly spirited the Afghans and their families to the airport Monday night.
They said the Afghans boarded a flight to Frankfurt, West Germany, where they were to change planes and fly to New York.
The U.S. Embassy handled the diplomats' visas so they left as defectors, not refugees, for the United States, said a spokesman for the UN High Commission for Refugees.
Employees at the Afghanistan Embassy said the diplomats were granted political asylum in the United States, but U.S. Embassy officials refused to comment.
The Afghan diplomatic employees were secretly giving disident Afghan refugees student papers for India so they could leave Afghanistan.
"Even when the four Afghans were in Kabul they were planning to defect," a translator said. "When they got posted to New Delhi's Afghan Embassy last year they felt lucky and began meeting Afghans here for help."
The defector diplomats included Consul Abdul Ali Raoufy and Mohammad Farouq, Hassan Kaifi and Najib Foyza. Wives and children brought the number seeking asylum to 10.

Gun Control Debate Likely to Be Revived in Congress

By John Herbers
New York Times Service
WASHINGTON — The attempted assassination of President Reagan by a suspect carrying a 22-caliber revolver was expected to bring another flurry of activity in Congress for passage of a strong national law for handgun control.
Proponents of gun control said the shootings Monday would increase the chances for such legislation in a Congress that had appeared to be opposed to any tightening of controls.
But John M. Snyder, chief lobbyist for the Citizens Committee for the Right to Keep and Bear Arms, predicted that the expected surge of activity would be nothing more than that. He said that after excitement was over, Congress, anything, would be more likely to pass a bill sponsored by the National Rifle Association to weaken government's enforcement power.
History and the strong sentiment against control registered by members of Congress and Mr. Reagan himself before Monday's shootings seemed to be on Mr. Snyder's side, according to several officials on Capitol Hill.
"After all, Mr. Reagan is the most pro-gun president we have had in many years," Mr. Snyder said.
Public Pressure
On the other side, Nelson T. Shields III, chairman of Handgun Control Inc., said that public pressure for such legislation had been mounting since the murder of singer-composer John Lennon in Manhattan last December.
The shooting of the president, two law enforcement officers and Mr. Reagan's press secretary, Mr. Shields said, should bring another wave of support for stronger controls on a nationwide basis.
Gun control has been a hotly debated national issue for the last

two decades. But with every assassination and attempted assassination, public entries for effective national controls have been followed either by congressional inaction or passage of such weak legislation that gun-control proponents have branded it of little use.
Attempts Fail
After President John F. Kennedy was killed by a sniper in Dallas in 1963, several attempts were made to enact a gun-control bill. But a strong gun lobby, backed by a consistency of gun owners and conservatives who contended that such a law would be a violation of the Constitution, managed to defeat legislation sponsored by the White House and Democratic leaders.
Then, after the assassination of the Rev. Martin Luther King Jr. and Sen. Robert F. Kennedy in 1968, pro-control forces succeeded in passing a law intended to ban the use and sale of handguns ex-

cept for those authorized to carry such weapons. However, the enforcement provisions were weakened by amendments and the law had not been in force long before gun-control proponents branded it a failure and began seeking a stronger law.
In 1976, Jimmy Carter in his successful presidential campaign endorsed a stronger law against handguns. After his inauguration the White House prepared such legislation for submission to Congress but Mr. Carter never submitted it, saying that political opposition in Congress was too strong for it to be approved.
Ford Opposes Control
TOKYO (WP) — Former President Gerald R. Ford said Tuesday that he doubted that the attempt on President Reagan's life would lead to legislation requiring gun registration, which he said he would not endorse.
"I have an adverse reaction and I have a lot of Americans do, too, to registration," Mr. Ford told a news conference here. "You know we just don't like to register with the government. So let's try something else before we go down that path."
There is no statistical evidence gun control restricts crime and many Americans oppose it as an infringement on civil liberties, he said. Mr. Ford, who was twice the intended victim in assassination attempts, said no amount of Secret Service protection can stop such attempts.
Peking Educator Retires
PEKING — Zhou Peiyuan, 78, a physicist who worked on military projects in the United States in 1945-47, has retired as president of Peking University, the Chinese news agency said Tuesday.



Attack on the President

Dilemma of Protection

The greatest risk in the attempt on President Reagan's life is that it will be generalized into a metaphor for a sick society. It is not that. It is an aberration. Furthermore, there is no indication that John W. Hinckley Jr., the alleged assailant, has anything to do with the makers of coups and revolutions in the world. There is every sign that he shares the paranoia, the obsessiveness and ultimately the psychosis of persons like Lee Harvey Oswald, Lynette (Squeaky) Fromme, Sarah Jane Moore, James Earl Ray and Sirhan B. Sirhan. The attack on the president, which resulted in the tragic shooting of press secretary James Brady and the wounding of two law enforcement officers as well as the president, should be understood both at home and abroad as an act of individual madness unless an investigation proves otherwise.

In a free, democratic society of 230 million people, the hazard of physically isolating the elected national leader from the electorate is infinitely more dangerous than allowing him to risk assassination. It is not possible to move the president about in a bullet-proof box each time he appears in public. Nor is it possible to "round up the usual suspects" each time the president leaves the White House. As President Kennedy observed, politics and protection don't mix well. And with-out politics there is no freedom. So clearly, if something has to give, it is any idea of total protection for the president.

That does not mean the nation cannot do better. A little preventive police work might have saved the four men from being shot and rendered unnecessary the heroism of Secret Service agent Jerry Parr who hustled Mr. Reagan into his bullet-proof limousine while protecting him with his own body. During the presidential campaign, Mr. Hinckley was arrested in the Nashville airport with three handguns in his possession. President Carter was in Nashville at the time. Mr. Hinckley was trying to board a plane to New York

when he was arrested. Mr. Carter was due there four days later. Mr. Reagan was in Memphis the day Mr. Hinckley was arrested and was due in New York a week later. Should that have been enough to keep the young drifter from Denver under surveillance? If yes, for how long? What about Miss Moore, who shot at President Ford in San Francisco in 1975? The Secret Service identified her as a potentially dangerous radical before the Ford visit. Yet, there she was, armed and unobserved in the crowd. Surely more care could have been taken in that case.

But most of all, it must be recognized that insane attacks of this kind are not a threat to the stability of the United States or to its institutions. Everyone is thankful that the president was not seriously wounded and that he has already resumed some of his duties from his hospital bed. But if he had been killed like President Kennedy, there is every reason to believe that the machinery of succession would have worked efficiently. Despite the internal squabbling in the administration over who is in charge of what there is little doubt that if the president had been incapacitated or killed, the vice president would have taken over the government with the full support of all members of the Cabinet, the Congress and everyone in the United States.

There undoubtedly will be a national outpouring of feeling now for Mr. Reagan and his family, as well as for Mr. Brady and their wives and children. And there should be. But these personal good wishes should not translate into uncritical support for the president's programs or policies. Despite the assassination attempt, or perhaps because of it, the best thing for the United States now, is business as usual. The aberrant should not be allowed to pervert the norm.

INTERNATIONAL HERALD TRIBUNE

Together Again in Sorrow

First comes cold shock, deep in the pit of the mind. Not again. Not again. Not another one of those days of grim unity, with everyone remembering where they were when they heard the news. How many times have we all gathered together, tragically united around the altar of events?

The mind, unbidden, wonders what people elsewhere must think of us, and it calls a grim roll. The dull drums and bright November sun of 1963 ... the poignant figures bent over the silent form on that balcony in Memphis ... the glare of the hotel kitchen floor in Los Angeles ... the blinding pain in the parking lot in Laurel, Md. We are united by what we have seen together, by what we have felt together.

Then, as the day dragged on, a more fervent kind of unity; of sick sorrow, shared pain and hopeful prayers for the president and for the men who fell beside him.

Then comes a feeling of raging helplessness. The bruised mind struggles to learn. Is there no way to prevent such horrors, no way to protect the victims, their families, the nation? A gun law, one thinks. Yet even as the thought forms, one realizes that while a law might create an obstacle to other crimes, it might only be a temporary obstacle to anyone with such demented business in mind. And as one looks again at the instant TV replays, one sees that if a president is ever to walk among us, he could hardly be guarded more closely.

Then comes a low, numbing fear. Not for what will happen now, in Washington; Americans' constitutional faith and tradition

are so secure that we automatically expect patriotic obedience from those to whom authority has fallen.

The fear is of what will happen later, around the country. Some, angered by and impatient with uncertainty, will turn preoccupation into fact. No matter what they say, the accused assassin must be an instrument of the radical right — or left. And the violence of the bullet will be magnified by the violence of glib generalization.

Such muttering need not be paranoid. Decent people will say to each other that there is a poison infecting society and it must be rooted out. Perhaps there is comfort in that thought — as though our era is aberrational and as though there have ever been golden ages when those who governed societies have been immune from acts of rage and insanity.

But there is a truer source of comfort for this grim morning. This generation of Americans — this generation of spectators — has joined together again and again in sorrow. But we have also gathered in another kind of unity; the unity of exaltation over great deeds, like the moon landing; the unity of joy, as on that split-screen day just 10 weeks ago Tuesday. As the hostages were released on one side of the world, Ronald Reagan welcomed the country to his Washington. "Standing here," he said, "one faces a magnificent vista, opening up on this city's special beauty and history."

May he, and we, soon repair that history and reclaim that beauty.

THE NEW YORK TIMES

The Shootings

"I knew 'they' would try" — it was one of the first broadcast responses of a bystander when the news of the attempt on President Reagan's life became known. Our mind (we are all so abysmally accustomed to, even practiced in these things) raced back to the same kind of certainties that were expressed when John Kennedy was killed in Dallas and George Wallace shot in Maryland: They — we all thought we knew who they must be in the political context of the moment. This, it seems to us, is one of the first things to be avoided this time. We don't know at this writing much about the suspect who is being held for these crimes. But everything we do know at the moment points to the same vicious, violent derangement that has brought the United States such an excess of grief of this kind in the past two decades.

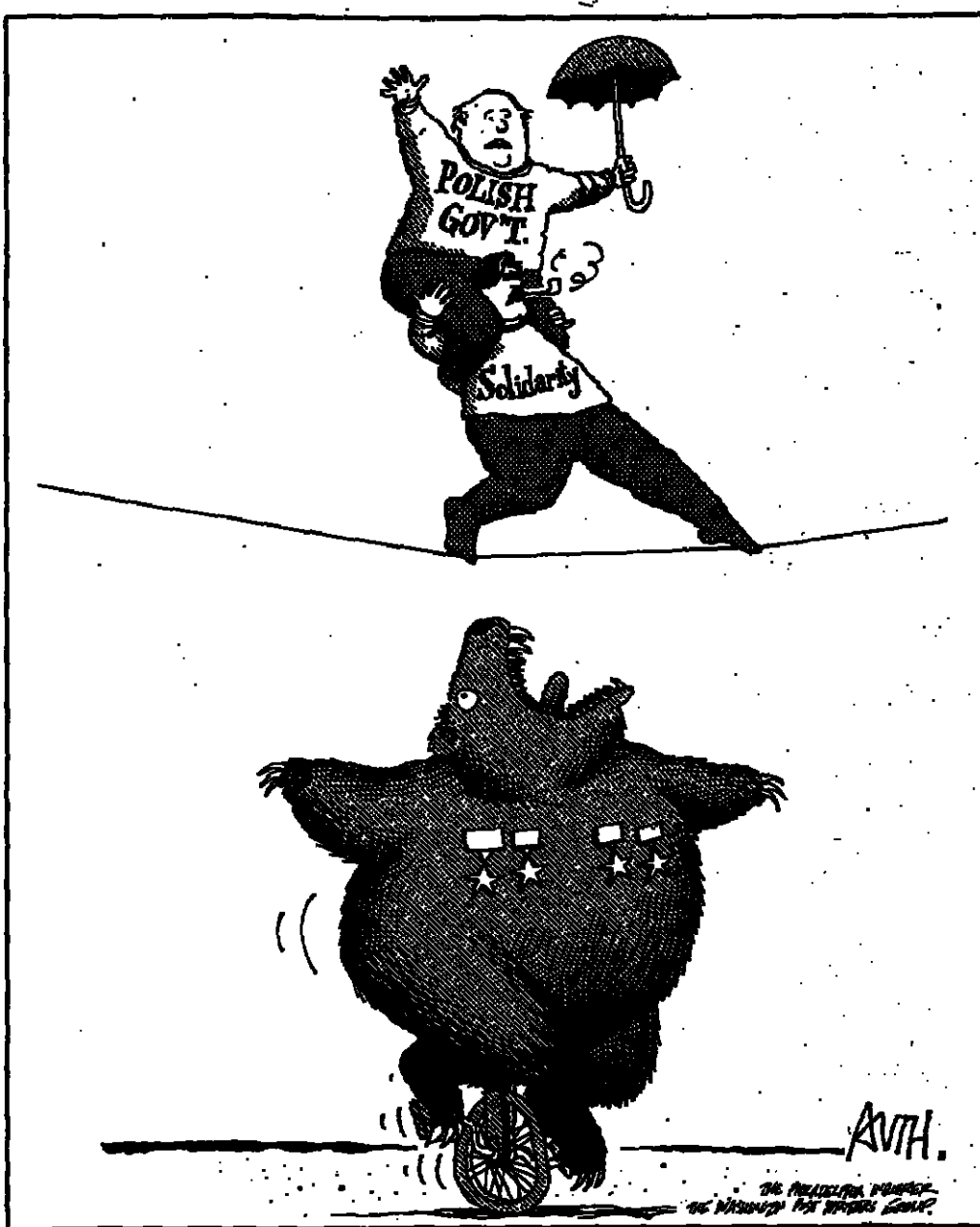
If this is the case, it will also reaffirm the terrible truth that there are limits on the kind of protection — insulation, really — that can be afforded a president, unless it is intended to cripple completely his ability to lead. Certainly the Secret Service precautions and the security generally of the president will need to be re-examined in relation to this terrible event. And it is surely possible that some fault lay in the character of those protections, that things will need to be tightened up. But it is also true and very important to remember that there is a point beyond which these protections cannot go.

Mr. Reagan has in fact rather altered the conception of the president's role since he took office. His idea of leadership — and there is something to be said for this particular form — clearly has a lot to do with persuasion, ceremony, a kind of embassy to his constituents and to the other branches and

levels of government. He is not the man who wants to make every technical judgment or decision. He is the man who wants to bring the country with him on a broad front of policy changes, and he intends to do this by means of a great deal of mingling with the people who must help him make the changes and with those whose opinion and consent must somehow validate them. You do not have to buy the content of Mr. Reagan's program to accept this concept of presidential leadership and to accept the obvious corollary that such a president will never be completely outside of the danger of a criminal's bullet.

But none of this makes the ordeal any less outrageous or heartbreaking. How many times must public figures, their families, the rest of us endure this? How many innocent victims like Jim Brady must there be? How many brave policemen and Secret Service agents like Officer Thomas K. Delahanty and Agent Timothy J. McCarthy must be shot in these ugly proceedings? Has everything been done that must be done to limit the opportunities as much as possible? We will not believe that it has been until those damnable firearms have been put out of the reach of every criminal and potential criminal who wants one — to whom they are accessible now. But we do not move from this to some general complaint about the society itself or to those old and spurious complaints about how we are a violent or aggressive people collectively. The caption on this dreadful picture is not that Americans as a nation or people are violent or weak, but that some among us are — and are armed.

THE WASHINGTON POST



Cutting Off U.S. Envoys

By James R. Schlesinger

WASHINGTON — The Department of State has recently dispatched orders to the field that ambassadors should no longer travel.

It was not, I subsequently learned, what I had initially feared — a new, if rather anomalous, judgment at Foggy Bottom that frequent contacts between U.S. ambassadors and groups in the countries to which they are assigned are detrimental to the national interest. Rather, it was a shortage of funds requiring draconian measures of austerity.

Ab, Travel — what follies and envy are sired in Thy Name! The bureaucrat as jet-setter. The confluence of waste and dubious morality. The natural prey of the green eyed type, the moralist and the investigative reporter.

And now we are come to this: The heads of the country teams, the very representatives of the president in other lands, either confined to (operating) quarters — or forced to make special arrangements for travel with their nominal subordinates in Washington. How unrelenting must be the nation's financial crisis? I was determined to inquire into the consequences.

Squeezed
I had not the heart to inquire whether special arrangements had been worked out for our ambassador to Saudi Arabia. He, after all, is stationed in Jidda. Decisions are made in Riyadh — 600 miles away. Even a one-cent rise in the price of Saudi oil would seemingly dwarf any savings to be squeezed from the ambassador's travel budget.

Nor did I wish to inquire into special arrangements for our vast neighbor to the north, Canada, after all, is not Liechtenstein. Ottawa is currently locked in a battle with the provinces. If the U.S. ambassador, months after months, declined invitations in Vancouver, Calgary or St. John's, would it be concluded that the United States rebuffed the provinces and identified wholly with Ottawa? Could he admit that he would like to come, but had no travel funds?

Instead, I inquired into affairs at a run-of-the-mill embassy in Country X — to see what expedients good of American ingenuity might devise in grappling with our present embarrassments.

The ambassador appeared resolute under the circumstances. "These are the times that try men's souls," he observed — substituting the metaphor of Valley Forge for that of an economic Dunkirk. "We must be ingenious these days. For a while I tried hitchhiking to get around the country. But departmental rules require that I take my bodyguard on official trips — and there are so few motorists who will pick up two men when one has a noticeable bulge under his arm."

"We even carried a small American flag for a while. But we gave it up. Under the circumstances, it tended to undermine U.S. prestige."

"Anyway, one day my problem was solved, at least temporarily, when an allied ambassador saw me on the highway and quickly arranged to take up a collection for me and for the United States."

"It was the most heartwarming experience of my life the way my colleagues rallied around in a time of trouble. Even the Soviet ambassador made a contribution. Some suspected it was for ulterior motives. But I thought it was rather sporting of him."

Our ambassador became almost wistful as he recalled the events. "The French ambassador told me that the United States no longer cast the *glorie de la France* into the shadows, that the United States stood in as great need of French assistance as in 1778. He gave me one of those famous *Gull* links, and concluded: 'John Pershing — we are here.'"

"One can rely on the French in periods of adversity," I observed.

"The West German ambassador made a sizeable contribution — in Deutsche marks — and murmured something about the Berlin airlift. Unfortunately, he followed it with a rather tedious lecture, to which I was obliged to listen, to the effect that the United States would not be in its present troubles if it understood the teachings of the chancellor or followed the advice of the Bundesbank."

Firm Handclasp
"America may require *ein Oberlehrer*," I commented sympathetically, "even a self-appointed one."

"The British ambassador simply gave me a firm handclasp," continued our ambassador, "and referred gently to *Hands Across the Sea*. We're all in this thing together," he concluded. "You'll have to muddle through. *Stiff upper lip!*"

"Rather inspiring," I responded. "But it was the Japanese ambassador who really surprised me," he continued with enthusiasm. "He not only made a contribution — in dollars, not yen — but also presented me with a tape recorder, expressing his sympathy that I should be confined in the capital for so long with so little to do. He said he would have given me a camera, but he knew I would not be traveling much."

"After all that," said I, "who would ever ask: 'Where are the allies?'"

"It was really quite moving," he continued. "It brought me back to my days in the Navy. When a sailor's mother was ill, he instantly would take up a collection to send him home."

I inquired as to how his U.S. colleagues were coping with the new constraints.

"Some are pretty ingenious," he responded. "One of my friends, who is in a NATO country, has ingratiated himself with an Air Force major general, who occasionally allows him to fly on his plane."

"Indeed," he continued thoughtfully. "I'm considering cabling Washington suggesting to the State Department that the Department of Defense be asked to provide a car to all defense attaches that each of our ambassadors might use. After all," he concluded some-

hilarious if the matter were not so grave and its purpose so blatantly deformative.

Argentinians have fought for many years a massive onslaught by Cuban-trained guerrillas armed with Soviet weapons, (that is, before Afghanistan, when the world seemed to "discover" that the Russians are naughty).

The "disappeared" are with few exceptions terrorists who have been killed by the armed Forces in that long conflict, with the support of the vast majority of the population.

Adding insult to injury, Harvard has accepted Mr. Cox as a martyr, naming him a Nieman Fellow ...

DANIEL REALY, Paris.

LARRY FRAREY, Florence.

As a young, middle-class Argentinian temporarily in Europe, I was infuriated by Anthony Lewis' article "Backing Argentina: Acquiescence to Terror" (IHT, March 24). It repeatedly quotes Robert Cox, a British journalist who is former editor of the Buenos Aires Herald, as if he were citing the bible. Statements like "Argentine terror [is] on a level with the Nazis in every way" or "the horrible things they have done to children," or "Soviet dissidents are not treated anywhere near as brutally as prisoners in Argentina," would be

Can Social Democrats Rejuvenate Britain?

By Wayland Young

LONDON — Some of the British press have shown some disappointment with the Social Democrats since the party was launched last Thursday. "No more policy that would go on the back of a credit card." The allusion is to the fact that you can join the new party by giving a credit card number on the telephone. It is a gauge of the antiqueness of the British political system that this should appear to journalists as dangerously slick, modern, and probably unsound.

A moment's thought would show the unwisdom of a new, ultrademocratic party (which is what it is proud of) appearing with a fully fledged clutch of policies laid down from the top before it even has any members.

The names of the leaders, who have been known to all for 20 years, the promise that it will be the party of one-person-one-vote in its own affairs, and the list of 12 short policy points, give everybody except those who pretend blindness to conceal annoyance a perfectly clear idea of what the SDP is and where it is going.

Poll Results
The poll results remain totally amazing, and almost exactly constant since the "Gang of Four" (Roy Jenkins, David Owen, William Rodgers, Shirley Williams) made their first announcement two months ago. The pollsters ask many questions, but the only interesting one is: "How would you vote if there were a general election tomorrow, and there was an alliance between the Social Democrats and the Liberals?"

The key word is "alliance." It is distinguished from "coalition." A party is when two parties agree not to run candidates against one another. An alliance is when they agree not only that but also that whichever party supplies the candidate in a given constituency, the other shall positively back him.

When the "alliance" question is asked, the answers have quite regularly given the very high figure of 46 percent. Conservatives and Labor are bonded away in corners with percentages down in the 20s.

Now of course mid-term polls are never to be taken as on-target for election results, and the next parliamentary election is probably two or three years off. It is difficult to say what the relation will be this time, simply because poll results like these are totally unprecedented.

Since polling began in Britain just before World War II, nothing even remotely like them has been seen. There is thus no ground ex-

actly what really happens depends on the geographical strength of Labor had a majority of 200 in 1945 with a vote about what SDP/Liberal alliance is seen now; but their strength was in the north. The Tories have a majority of about 100 seats now, on a similar figure, because votes were concentrated in the south.

It would be a shame indeed if the very evenness of its support were to prevent the SDP getting the parliamentary seats it needs to reform the British electoral system. It may come to that, in which the British people, and indeed the world, must just keep on marveling at the irrational and destructive incapacity of the old Conservative and Labor parties.

But if the SDP decides to go and concentrate its efforts in one part of Britain, it may not come to, after all, and the rejuvenating of our good old country can at Root begin.

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Rx for Nuclear Anxiety

By Stephen S. Rosenfeld

WASHINGTON — Are you ready for the doctors' nuclear cure? A group of them, with a Harvard-MIT nucleus, have organized as International Physicians for the Prevention of Nuclear War to make the rest of us think harder about what they see as an unthinkable global drift toward sure catastrophe.

Their special credential is medical expertise. With it they hope to rebut what is undeniably a growing tendency among strategists and politicians, in Washington as well as Moscow, to regard nuclear war as thinkable even if it were to escalate beyond the bounds of "limited" and "tactical," as being horrible but not paralyzingly horrible, as something that a well-prepared nation could adequately survive, as a contest that could be winnable in some meaningful way.

Worthy Argument
Not so, say the doctors. At a recent conference, they produced their own sobering counts of likely casualties and effects on public health in order to challenge those who argue, from their generally much lower numbers, that nuclear war is not all that different from conventional war after all.

Let us have no more of this nonsense about physicians dedicating themselves to life without regard to national boundaries. If the group wishes to be taken seriously, let it throw the Russians out. It was especially revolting to see a Soviet psychiatrist on the program, Soviet psychiatry being an instrument of unpeakable political repression.

Wrong Premises
But this is not all that is incumbent upon International Physicians for the Prevention of Nuclear War. It could do a service by acknowledging that its program is essentially an assault on the strategic premises of the Reagan administration, and by showing where those premises go wrong.

The administration's basic concept was summed up by Secretary of State Alexander M. Haig Jr. when he said that everyone must understand there are some things we would fight for. To the nuclear-nervous, such an assertion leads all-too-automatically to a combative policy increasing the chance of war.

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To Mr. Haig, however, it appears to mean just the opposite. To the extent that doubt about possible strong U.S. reaction is diminished, a hostile power will be less inclined to test the limits of U.S. forbearance. This flows from the judgment that the primary danger of war arises not from the "arms race" or from the supposedly destabilizing nature of particular weapons or from the prospect of accident, but from political miscalculation.

Makes Sense
There is much to this formulation. It does not solve every question, particularly the question of this administration's judgment. But it makes sense to me that a clear statement of U.S. intent to protect U.S. interests can reduce the miscalculation that might produce war. The risks of nuclear war are considerable, and there is surely reason for each other's eyes to weary. But this is one good way.

In brief, there is a bargain to be struck. If the doctors wish to gain a hearing for their view of the perils of current official thinking about nuclear war, they must grant a hearing to the administration's more sober strategic rationale. The basic of strategic debate for years has been the contempt that "liberals" and "conservatives" have shown for each other's views. The argument should not be allowed to degenerate into charges of "nuclear machismo" on one side and "better Red than dead" on the other.

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Washing Loyalties Heighten Gaza Tension

David K. Shipley
New York Times Service
The placid surface of life here is a deception. Children play laughingly in the dust of the crowded refugee camps in this Israeli-occupied strip along the Mediterranean, but under the surface, the stumps of stone and concrete are jagged with the poverty, knots of shanties cluster outside the central city, passing Egyptian, Jordanian, and American currencies, oranges and grapefruits are now, and people are busy, heaving with the fruit rump into Israel proper, to Jordan and the Arab world beyond. Unemployment

has virtually disappeared, with nearly half of Gaza's labor force working in Israel.
In the evenings after work, young men shoot billiards in smoky poolrooms where hashish is often sold and where Arab informers for Israeli intelligence ply their trade.
A Growing List
In the office of the Israeli military governor, Brig. Gen. Yitzhak Segev, a blue chart hangs on the wall, it contains a list of Arab names that has grown to a dozen over the last four months — the names of assassination victims in the most serious outbreak of political and religious violence in years.
"For the last thousand years, all life here existed without democracy," Gen. Segev tried to explain.

"There are no elections. The people are afraid of each other like animals. There is a stream supporting the PLO. Many PLO leaders are from here. The father of Abu Jihad [a leading official] lives here. There is a stream supporting Jordan. The other stream supports Egypt and supports the peace treaty."
Recalling that Egypt administered Gaza from 1949 until it was captured by Israel in the 1967 war, the general added: "Most of the educated people were educated in Egypt. There is a leftist stream. There is a religious stream."
These conflicting streams form a corrosive mixture among Gaza's 450,000 residents. Pro-Egyptians are stalked by the PLO. Communists are stalked by the extremist

Moslem Brotherhood. Pro-Jordanians try to stand on an eroding middle ground. And those who violate political or religious tenets, by supporting peace with Israel, selling beer or pushing drugs, are marked men.
Political Killings
The most significant political killing after the signing of the Israeli-Egyptian peace treaty in March, 1979, occurred just over two months later, on June 1, when Sheikh Hashem Husandar, known as the imam of Gaza, was killed near his home after leading a delegation to Cairo to endorse President Sadat's program of peace. He had been warned. The PLO took responsibility for the murder.
Last Nov. 18, another member of the sheikh's delegation, Mohammed Aby Wahdi, head of the Jabalia refugee camp local council, was shot to death. He was regarded as a collaborator with the Israelis.
Subsequent killings have involved cafe owners who served alcohol and poolroom owners who pushed drugs and peddled information to the Israelis.
Gen. Segev confirmed conventional wisdom among radical Palestinians: that the murdered drug dealers were helping Israeli intelligence keep track of developments in Gaza. "Usually drugs and cooperation with intelligence go together," the general said. As a result, some Palestinians contend, the Israeli military authorities do nothing to combat drugs, and may even be intentionally encouraging the problem through benign neglect.
Gen. Segev believes that the murders were committed by fanatical religious extremists who were acting both against the sale of alcohol and narcotics, a violation of Islamic law, and against cooperation with Israeli security, a violation of Palestinian political ethics.

Die in Israeli Raid on Lebanese Coast

Ramouh
N. Lebanon — Eight people killed and 12 wounded as Israeli commandos in rubber boats attacked the coast of Lebanon early Tuesday, military sources said.
The commandos landed on the coast after the commandos landed on the coast after the commandos landed on the coast.

Witnesses said six dinghies approached the coast and were met with heavy fire. The battle lasted for 90 minutes, they added. The Palestine news agency Wafa spoke of two landing attempts with a total of eight dinghies.
In Tel Aviv, a military spokesman said Israeli forces attacked Palestinian targets just north of Tyre, destroying vehicles and hitting several guerrillas.

One person was reportedly killed in overnight shelling of Tyre from land-based artillery. The town of Nabatiyyeh and three adjacent villages also came under artillery fire.
The last full-scale Israeli commando strike took place Feb. 22, when five persons were killed and 10 wounded in attacks on Palestinian strongholds.
Meanwhile, security sources said Israeli forces, backed by tanks and heavy artillery, had set up a military post on Labbouna hill facing the headquarters of UN peacekeeping forces at Naqoura, in the southwest corner of Lebanon.



REED HOSTAGE — A passenger wounded early Tuesday when Thai and Indonesian commandos stormed a hijacked Indonesian airliner at Bangkok airport was carried to safety by security men as other hostages released in the raid waved in the background. Four of the five Moslem extremists who hijacked the DC-9 jet three days earlier on a domestic flight in Indonesia were killed by the commandos. The only victims of the hijackers' submachine gun were the airliner's pilot and the commando leader, both critically wounded in the raid.

Moonies Lose Costly Libel Suit in Britain

By William Borders
New York Times Service
LONDON — In a case that has had wide international repercussions, the Unification Church, informally known as the Moonies, Tuesday lost a major lawsuit against a London newspaper, the Daily Mail, which won the right to a far-ranging review of the sect's activities and extensive holdings in the United States, said the verdict.

Michael Marshall, an official of the church, which has a wide following and extensive holdings in the United States, said of the verdict: "This has put us back to the top of the road again. But we will continue to fight for recognition and to show we are a genuine religious movement."
Case Histories
Through its British director, Rev. Dr. Robert Stivers, the church had filed suit over a two-page spread that the Mail published in May, 1978, about the church, which takes its name from its Korean founder, the Rev. Sun Myung Moon. Under the headline "The Church That Breaks Families," the paper recounted case histories of young Britons who had joined the "sinister sect" while on visits to California, and then returned to their parents' homes.

One of the witnesses for the newspaper was Margaret Singer, professor of psychiatry at the University of California, Berkeley, who testified that the church uses mind control to get control of people's lives and identities.
Prof. Singer, who said that she had interviewed 500 members of various sects, about half of them Moonies, said that the church's techniques, including a showering of intense affection that she called "love-bombing," was more effective than that used by the North Koreans on prisoners of war.
The recruitment process begins, she said, with the stripping down of the person's identity by a process of self-betrayal, followed by the identification process, in which past identities are punished and the new identity rewarded. The final stage is the "death of the old self and the rebirth of the Moonie," she said.
Dr. Orme, the British leader of the church, testified that its ambition in Britain is to become "greater than the Church of England."

Atlanta Probing New Black Child Death

The Associated Press
ATLANTA — A 21st case has been added to the list of unsolved child deaths in the Atlanta area, and authorities were trying to determine Tuesday whether the body of a black youth found in a river was that of one of three youths who have been reported missing.
At least seven other bodies have been found in the Fulton County region where the partly decomposed body was discovered Monday. And, as was the case with several other victims, the body was found in a river and clad only in undershorts, police said.

Medical examiners planned an autopsy on the body of the boy found amid debris in a remote area of the Chattahoochee River.
Fear and Tension
The youth was the 21st black child found dead here since July, 1979. At least three young black males are reported missing in the Atlanta area, although only two of those disappearances are being investigated by the special police task force assigned to the child deaths.
The wave of unsolved killings has spread fear and stirred racial tension in this Southern capital.

Earlier this month President Reagan granted an extra \$1.5 million in U.S. funds to help underwrite the investigation of the police and FBI into the deaths.
Fulton County Police Chief Clinton Chafin said the latest body appeared to have been in the river several days. Another officer said the victim looked to be from 10 to 20 years old.
Dr. Robert Stivers, chief medical examiner for Fulton County, said the body was "pretty well decomposed" and could not be identified until Tuesday at the earliest.
Although officials did not immediately determine how the youth died, Chief Chafin said there was little doubt the killing was a case for the special police task force.

Bolivian Colonel Loses Command

The Associated Press
LA PAZ — Col. Luis Arce Gomez, who lost his job as interior minister on Feb. 26, has now been removed as commander of Bolivia's national military academy by President Luis Garcia Meza.
The president told a news conference Monday that the colonel asked to be given a leave of absence from the armed forces to defend himself against allegations by news organizations and the U.S. Drug Enforcement Administration that he has been trafficking in cocaine. Col. Arce Gomez has repeatedly denied the accusations.
The colonel put down a mutiny two weeks ago by 100 cadets who refused to accept him as commander. The rebellion was led by Gen. Hugo Sepulveda, who had been defense minister before Gen. Garcia Meza's military coup last July. He and three cadets then

sought diplomatic asylum in the Brazilian Embassy and recently went into exile abroad.
Woman Flees Iran, Says She's American
ANKARA — A woman who said she is an American citizen and had worked in an Iranian hospital has crossed secretly into Turkey and has asked to be sent to the United States, a spokesman for the American Embassy said Tuesday.
The woman, who identified herself as Dr. Elnore Minguetz, will be brought by Turkish authorities to Ankara from the eastern town of Agri, and U.S. officials will check her identity. According to the newspaper Milliyet, she said the Iranians seized her passport to prevent her from leaving.

The Plucky 'Coal Miner's Daughter'

By Thomas Quinn Curtiss
International Herald Tribune

PARIS — "Coal Miner's Daughter" of Michael Apted is based on the autobiography of Loretta Lynn, the country music warbler, whose success story is encouragingly crowned with a happy ending.
Apted pictures the coal-dust settlement and the pop concert world with candid realism, but his portrait of the latter has not the harsh, sardonic tone of Altman's "Nashville." Here we are not in moonlight, but among recognizable humans.

overshadowed, bolstered her and she prospered and survived. She had luck as well as pluck.
Sissy Spacek makes her appealing heroine, conveying her innate simplicity and common sense. Tommy Lee Jones, as the husband who guards her from the pitfalls of her profession, salts his role with an ingratiating humor, lending it an edge of winking self-mockery, and Beverly d'Angelo shines brightly as the star who befriends the novice singer and issues valuable advice. (At the Marignan, the Parnassians and the Hautefeuille in English.)

countless other movies. Their pleasures and their vices conform to those of their kind everywhere else. Cocaine is the "in" drug and so they are all sniffers. Their haunts is the regulation disco with its repetitious racket, alike in Paris and Pittsburgh. Their clothes, their habits, their talk are like those of their counterparts the world over. Local color is limited to the flamenco waiting that accompanies the getaway cars. As a sociological report this is doubtless accurate. As drama the members of the gang would be made more interesting by stronger individualization.

As portrayed in the film, Lynn left her dusty Kentucky hometown after an early marriage to a cocky World War II veteran who spurned the two possibilities the community offered him, digging in the pits or enlisting in the moonshine trade. His bride followed him to more open spaces and untainted ozone and before long they were blessed with many children. Her singing about the house enchanted him and he, a fellow of irrepresible determination, forced a public career upon her. She sang in local taverns to hillbilly bands and he pushed her records with disk jockeys. She was soon in competitive concerts in Nashville and emerged as a national favorite.
Unlike the fate of some rivals, Lynn plunged into the spotlight did not lead to destruction. She took to neither drugs nor drink, though the pressure of her whirlwind tours upset her and a nervous breakdown lowered the curtain on a performance. The responsibility of a large family and her eager-beaver husband, occasionally discontent at being

Carlos Saura in his films frequently indulges in nostalgic reverie, flashing back to a long-ago childhood incident — either in the nursery or in the turmoil of the Spanish Civil War — that has left a permanent mark on a character.
His latest contribution, "Vivre Vite," which was awarded the Golden Bear at the recent Berlin festival, takes no backward glances. It is firmly tied to the present, concerning the terrorism that is alarmingly active in his homeland just now. It is so true to the times that some of it has come true, another example of life imitating art. Jose Antonio Valdelomar who plays the chief gangster has since been arrested for participation in a Madrid bank robbery.
Saura omits the flashbacks on this occasion, introducing a band of youthful hoodlums and picturing their crimes: holdups of banks and cash-laden messengers. These boys, alumni of the slums and reform institutes, are the usual marginal figures of

A romance of sorts has been woven into the familiar pattern. The gang leader picks up a comely waitress who becomes his innamorata and she sticks on a false moustache to join in stickups. The initial robberies take place with clockwork precision, but at the climax, as might be expected, there is fatal gunplay and police pursuit. The recruited waitress loses her lover to a stray bullet and, making off with the loot, disappears into the awaiting underworld.
The ensemble acting has an easy, natural tone and Saura tells his story in straightforward manner, executing the action sequences vigorously and suggesting in others his sympathy for these youngsters who, excluded, avenge their exile by violence. (At the Elysees Lincoln, the Marignan-Concorde and the Hautefeuille in Spanish.)
"Diva" is an amusing thriller tracing the breathless escapes of a young opera buff unwittingly involved in nefarious happenings in Paris after dark. The coveted



Spacek as Loretta Lynn.

object of a wild chase this time is not a kidnapped blonde but a telltale tape that will confess shady secrets. Jean-Jacques Beineix has staged it at top speed and cast it profitably. As a grace note, Wilhemina Wiggins Fernandez, the handsome black diva, renders an opening and closing aria. (At the Berlitz, the Marignan-Concorde and the Clichy Faubé)

Pop Music: Some Americans Finding Musical Gold in Europe

By Michael Zwerin
International Herald Tribune

PARIS — Following the tracks of Sidney Bechet, Jimi Hendrix and Mort Shuman, Americans Garland Jeffreys and the Stray Cats have recently found the streets of Europe to be paved with gold.
After 13 years in the rock mines, after six albums for three record companies with obscure and long vanished groups named Train, Mandor Beekman, Romeo and Grindie's Switch, A.M., was not pushing Jeffreys' album "American Boy and Girl." It was late 1979, he was 36, living in a one-room apartment off Gramercy Park. He had sung with Lou Reed, John Cale and Eric Burdon, and he knew everybody in the business and they all knew him, but he was not exactly a star. He could feel it coming. He thought: "My record company is going to drop me."
Which they did. Then "Mata-dor," the single from the album broke in West Germany. It went gold last year. It became No. 1 in

Belgium, No. 3 in the Netherlands, No. 6 in Switzerland. He was featured for an hour on the French TV rock program "Chorus."
He was picked up by Epic, a division of CBS Records, and his new album "Escape Artist," released two weeks ago, has already sold 16,000 copies in France alone. His just-concluded European tour was a roaring success, accompanied by full-page profiles in the European press. The French Communist Party daily, L'Humanite, called him a "genius." Garland Jeffreys' life is about to change.
He was born in the Sheepshead Bay district of Brooklyn of mixed white, black and Puerto Rican ancestry. He grew up with a Catholic but mostly Italian and Irish kids. His best friends were Jews. He felt alienated from blacks. He began his career by frequently breaking into song for his classmates in PS 254. He says: "I really needed attention. Everything I've done in my career has been to help me keep from going crazy. My childhood was characterized by physical abuse."
He leaves that hanging and when questioned about it smiles and rubs his chin: "I was afraid you were going to ask me that. I was a precocious child. My parents were survival-oriented. They couldn't handle me. I got beat a

lot. I wrote songs about it, described my beatings on stage, tried to get it out of my system. I've talked to my parents about it but I think Mom blames Pop and vice versa. So I let it go. I don't want to pin them down. But it's helped, we accept each other again."
When he entered Syracuse University, he became the first college student in his family. He received a scholarship to study Renaissance painting in Florence, spent a year there and learned fluent Italian. He returned to New York and began to write songs. He wrote of kisses dreamed but never received, of shooting, dope, alienation, emptiness. "Escape Artist" is about "how I escaped the pain, escaped my preoccupation with it, learned to stop playing the victim. I can handle my pain. I am no longer paralyzed by loneliness." The album contains references to a Cinderella with no future, the "piss-stench-smell in the black stairwell," about tough modern times: "One line goes: 'Jump, jump, let's make the great escape,' another tells about all the kids in the neighborhood who want to form a rock band and get 'a piece of the glory.'"
It's an updated American version of the old Mick Jagger line asking: "What else can a poor boy do" but sing in a rock 'n' roll



Jeffreys

The Life and Times of Von Steuben

By Helen Lion
International Herald Tribune

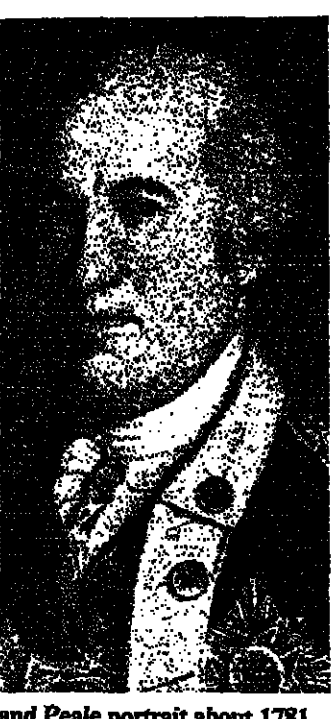
BONN — He was an unemployed Prussian officer who had offered his services to the British, the French, the Austrians and the Germans (in Baden) — all of whom turned him down. He ended up as an adviser to Gen. George Washington and a much-failed hero of the American Revolution.
Unlike the Frenchman Lafayette and the Pole Kosciuszko, who returned to their homelands, he stayed and totally identified with his new country. Now, 250 years after the birth of the man who was baptized Friedrich Wilhelm Ludolf Gerhard Augustin von Steuben in the city of Magdeburg, an exhibition traces his life and military career via archives, letters, dioramas, books and maps.
Assembled by the Berlin-based Stiftung Preussischer Kulturbesitz and composed of 350 items assembled from four countries, it has just closed in Bonn and will be shown next in Wuerzburg, at the

Staedtische Galerie and the Otto Richter Halle, from April 12 to June 11.
Von Steuben was 47 in 1777 when, armed with a letter from Benjamin Franklin to Washington, he left Europe and became Congress-appointed inspector general of the Continental Army with the rank of major general. He played a leading role in making a disciplined army out of a motley, ragged group of volunteers in a few months. He wrote about the problems he confronted in Valley Forge in the spring of 1778:
"The words company, regiment, brigade and division were so vague that they did not convey any idea upon which to base a calculation either of particular corps or of the army in general. They were so unequal in number that it would have been impossible to execute any maneuvers. I have seen regiments stronger than a brigade; I have seen a regiment consisting of thirty men and a company of one corporal."

In matters of equipment, he found conditions no better: "Muskets, carbines, fowling pieces and rifles were found in the same company." While they possessed bayonets before Von Steuben's arrival, the American soldiers did not know how to use them until he showed them how (this was important, since bayonets were used by the British). They had employed them as spits on which to roast their meat.
Personnel and Training
As for personnel and training, Steuben noted that "each colonel exercised his regiment according to his own ideas or to those of any military author that might have fallen into his hands." But he knew he could not translate Prussian military tradition into the American army or make out of the U.S. soldier a depersonalized machine, as was the ideal in 18th-century European military thinking. "To our soldiers you can say, for instance, 'Do this' — and he does it," he said in a letter to a Prussian general. "To my soldiers, on the other hand, I have to say first, 'This is the reason why you should do this or that,' and only then does he do it."
Official Manual
The handbook he wrote to correct American army chaos, "Regulations for the Order and Discipline of the Troops of the United States," is no doubt Von Steuben's most significant contribution to American independence. Published in 1779, it served as an official manual until 1812.



Von Steuben about 1770 (left) and Peale portrait about 1781.



Von Steuben about 1770 (left) and Peale portrait about 1781.

One of the features of the exhibition is a diorama of the capitulation of Lord Cornwallis at Yorktown — a tableau based on an oil painting by John Trumbull. Von Steuben's active military career lasted until July 4, 1784, when Friedrich Wilhelm became Frederick William and was naturalized, to which end he "renounced and abjured all allegiance and subjection to all and every foreign King, Prince, Potentate and State, in all matters ecclesiastical as well as civil."

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Part 1

FOCUS ON WEST GERMANY 1981

Pledge Made to Increase Assistance to Third World

By Charles Wilkins

West Germany's development aid effort scored well last year. Aid spending rose strongly in the budget despite cuts back and hold down spending in 1981, and earlier in the year the government had a policy paper revising its strategy...

that already have a relatively well developed infrastructure and relatively high growth rates. As the state secretary at the Ministry for Economic Cooperation, Carl-Werner Sasse, said, this means that promotional measures for private enterprise cooperation, particularly, are needed in the poorer developing countries...

Bonn already provides a greater incentive to invest in the least developed countries than elsewhere in the Third World, but increased differentiation between sectors, as well as other measures, should be considered in order to help additionally, Mr. Sasse said.

LDCs so far account for less than one percent of West German capital investment. West German companies' transfer of technology is already making a major contribution toward the advance of developing countries, but this could be improved further, Mr. Sasse said.

About four-fifths of West German direct investments in the Third World concentrate on just 10 countries, with more than 50 percent of it going to Brazil and Spain alone. This group consists solely of threshold countries. Two-fifths of direct investment are concentrated on the major industrial sectors of motors, chemicals and electrical engineering. Investment is also mostly undertaken by large companies, while small and medium firms have been taking longer to make a start in developing countries.

Incentive to Smaller Firms

However, the government moved in February to promote the involvement of smaller West German firms in the Third World. The Economic Cooperation Ministry said the government would make credits totaling 30 million marks available this year for small and medium firms involved in the Third World.

A promotion program started in 1979 was welcomed by firms in this bracket and demand for support exceeded the amount of funds available. Last year 65 firms received official support for investments totaling 47 million marks.

West Germany also doubled its guarantees against political risk last year to a total 750 million marks on investments in developing countries. However, the rise was chiefly due to (Continued on Page 16S)

Chancellor Helmut Schmidt set the tone for aid prospects, pledging in a policy speech that West German development aid would rise quickly and clearly through the next decade. The minister for economic cooperation, Carl-Werner Sasse, said that the increase in aid showed the importance that the government attached to development aid. He said that the rise in 1981 aid outlay was never double the rise planned for total government spending.

International Banking: A 'Consolidation Period'

By Joshua Larkin

FRANKFURT — A truly international range was the goal of the managers of West German banks during the 1970s. As the Euromarkets were the initial focus, followed by the desire to be an important player in world markets.

West Germany, now find themselves having to finance large deficits in their current accounts, Mr. Guth said. The standing problems of the non-oil producing countries of the developing world also were aggravated by the oil price increases, he pointed out, and demand for untied financial credits has therefore widened sharply.

Indeed, Deutsche Bank has been building up its reserves at its main Euromarket subsidiary in Luxembourg as provisions against bad debt.

All the operating profits of Deutsche Bank Compagnie Financiere in the year ended September 30 were put into this fund, Dr. Guth said. "The balance of payments difficulties, we felt it was good to create that reserve," he said.

That decision came before the release of the Americans held hostage in Iran and of the Iranian assets frozen in U.S. banks. With Iran now paying back outstanding international debt, the risk for the banks has eased somewhat.

Dr. Guth noted, however, that Poland and Brazil face very high levels of indebtedness, that Turkey's foreign debt has been restructured once, and that banks generally are drawing near their internal limits for lending to such countries.

Risky But Not Dangerous

"But to say the world is in a higher risk position since the second oil price rise is not to say the situation is dangerous," he added. Banks will have to be increasingly careful of country risk, but Dr. Guth noted that after a short list of countries with very high indebtedness, there are few which would present any immediate concern.

Even Argentina, whose debt has been growing, cannot be added to that list. In the view of several German bankers who feel that the country has been well managed by Finance Minister Jose Martinez de Hoz.

But with a new government due in Argentina late in March, Dr. Guth said, "We will have to watch carefully whether it will now change once Martinez de Hoz leaves."

Two senior Commerzbank officials said the (Continued on Page 17S)

Margins Narrowed... he world has become a riskier place to be after rescheduling Turkey's foreign debt in 1979, the major international banks now potential trouble with Poland and Brazil. Just the expectations of many, margins on lending to first-class borrowers narrowed last year to what many banks now see as impossible levels. At home, authorities have begun the task of setting new bank regulations which are expected to force the German banks to reduce their lending activities abroad.

1981: A Year of Strain on All Fronts

By John Dornberg

BOON — Had anyone predicted it a year or two ago, there would have been incredulity and derisive laughter.

But there it is: West Germany in its year, perhaps even more, of discontent and disarray — politically, economically, socially and in foreign affairs.

Some 24 months ago the situation was still being euphorically described as a "miracle" and West Germany was being held up as "a model" for other countries to follow. The solidity of its economy was an internationally accepted assumption bordering on a cliché.

Array of Statistics

One had to be stone deaf not to hear the repeated gushing about the West German inflation and unemployment rates being the lowest in the world, the hardness of the Deutsche mark, the fat currency reserves, the overfilled export order books, the high standard of living and the enviable social stability with its closely woven safety net to catch the few who might fall.

Chancellor Helmut Schmidt was known as "Super Schmidt," a man whose advice was sought by statesmen around the globe and who imparted and foisted it — in perhaps too schoolmastery a fashion — even on those who did not seek him out.

But now, if not yet actual doom, there is a spirit of impending gloom hanging heavily over West Germany — its economy and its body politic.

The once-vaunted Deutsche mark is tarnished on international monetary markets. Once the currency in the European Monetary System, it has been languishing at the bottom tier of the "snake" since December when, for the first time in two years, it was worth less than 50 cents. By mid-March, despite numerous corrective interest measures by the Bundesbank, it was still trending toward weakness rather than strength and selling at around 46 cents.

Even the most optimistic experts now predict only zero growth for 1981 and the others, depending on which one you want to believe, are projecting an actual decline of up to 1 percent in the GNP compared to 1980.

Unemployment in both January and February hovered around the 1.3 million mark, the highest jobless rate since 1974 and, allowing for seasonal improvements, will probably average over 1.1 million for the entire year.

Inflation Rate

Though there have been mollifying predictions that the inflation rate will average 4.5 percent in 1981 compared to 5.5 percent in 1980, it actually was 5.7 percent in January and March — still admirable by international comparisons but considered an unacceptable rate by domestic criteria. Industrial productivity has been declining steadily during the past decade, so that West Germany now ranks well behind such countries as Japan, Belgium and the Netherlands.

Government ministries are groaning under budgetary slashes and Finance Minister Hans Matthöfer has had to borrow abroad,



Hans-Dietrich Genscher



Otto Lambsdorff



Helmut Schmidt

The Bonn Team

especially from such OPEC countries as Saudi Arabia, in addition to raising gasoline and alcohol taxes effective April 1 to help plug some of the fiscal holes.

For the past four years the government has borrowed from DM 22 to DM 27 billion annually to compensate for budgetary deficits, and the projection for 1981 is that it will be short another DM 27.4 billion. Of the estimated DM 61 billion the federal government plans to borrow this year, DM 34 billion will be needed to repay old debts and 17 billion for due interest, so that new credit acceptance will cover not even 40 percent of the projected budget deficit.

Meanwhile, for the third year in a row, West Germany will be running a current account and payments deficit of anywhere from DM 25 to DM 30 billion. It was DM 10 billion in 1979 and DM 28 billion in 1980. The high cost of imported oil is said to be the main cause. It could be even higher in 1981, for the January deficit alone was DM 5 billion, due in part to the fact that in that month there was also a negative trade balance of almost DM 1 billion, the worst trade figure since 1950 and only the second time in 15 years that there has been a monthly trade deficit at all.

Gloom Warnings

Thus, it comes as no surprise that Mr. Schmidt and other members of his left-liberal coalition government of Social and Free Democrats (SPD and FDP), in particular the FDP Economics Minister Otto Lambs-

dorff, have been glumly warning West Germans that they are going to have to tighten their belts — an unprecedented and unpopular notion in a country that still believes it owns the patents on affluence and prosperity.

There is also spreading social unrest, especially over the critical shortage of housing at prices people can afford.

A new youth rebellion appears to be taking shape and in recent weeks has manifested itself in the form of weekend rioting in key cities. Concurrently, battles between environmentalists and police assigned to protect the construction sites of nuclear power plants that the government is pushing to meet energy needs continue, periodically give the country a kind of civil-war atmosphere.

But most significant of all, and in many respects a direct consequence of the economic problems, is the political confusion. There is a vexing loss of direction on the part of the SPD-FDP coalition, exacerbated by mounting tension and conflicts between the two partners. Simultaneously Mr. Schmidt's own party, buffeted by leftwing and special interest group rebellions, appears to be slowly but surely disintegrating.

Herbert Wehner, its chief strategist and separatist Bundestag floor leader, may have been deliberately resorting to hyperbole in order to shock the troops and restore discipline, but he had warned twice since the beginning of the year that "the party is in imminent danger of splitting."

In fact, six months after the October general election, a rather odd question continues to make the rounds in West Germany. Who won?

It is not that there are any doubts about the actual balloting, nor whether Mr. Schmidt's and Foreign Minister Hans-Dietrich Genscher's SPD-FDP government has been reconfirmed in office.

It certainly was, and with 18 additional seats in the Bundestag, so that it has a very comfortable majority of 45.

The question is one of mood and attitudes. Thus, whereas the nominal losers, the Christian Democrats (CDU/CSU), are waxing spiritedly victorious, almost rejuvenated, the actual winners appear to be steeped in depression, self-ostracism and self-doubt about their future.

The degree of intramural bickering is virtually unprecedented in postwar German politics.

Bitter Fruit

Never before, it seems, have the fruits of victory been deemed as bitter. And never before, not even after almost losing the 1976 election, has there been as much discussion and speculation over whether the coalition can go the full route of the four-year term to which it was elected.

Indeed, Helmut Kohl, the Christian Democratic chairman and parliamentary floor leader, is waxing publicly confident that it (Continued on Page 15S)

Success Story: Fairs Buoy a Nation's Trade

By Howard Roberts

FRANKFURT — Arranging a last-minute trip to one of West Germany's larger cities is becoming more and more difficult. A traveler's regular hotel may be completely booked, rental cars may be unavailable, and the wait for a taxi may be indorminately long.

A quick look at the streamers over the streets will make the reason clear: It is either the Book Fair in Frankfurt, Fashion Week in Munich, Green Week in Berlin or one of a long list of possibilities, for Germany has been an international center for trade exhibitions since the Frankfurt fairs in the 13th century.

As West Germany begins to experience a period of economic difficulty, fair organizers here view their regularly scheduled events as important and know that they help keep this country in the eyes of regular and potential importers.

International Flavor

And it is the very international flavor of the German trade fairs which, according to Claus Boerner of the German Council of Trade Fairs and Exhibitions, could provoke some sort of anti-cyclical revival of demand.

In a recent article Mr. Boerner pointed out that of approximately 8 million annual visitors to the fairs, one fourth — including 27,000 foreign exhibitors — come from abroad. West Germany's largest fair — "the fair of fairs" — is held in Hannover in the spring. The 1981 fair, which will take place in the first week of April, is in fact nine events in one with

an overall theme on West Germany's major export industry, engineering.

The fair's organizers are anticipating representatives from more than 5,600 companies as well as more than half a million visitors from as many as 100 countries. Forty-five countries should be represented, including for the first time the People's Republic of China, an indication of the extent to which trade relations have grown between that country and many sectors of West Germany.

Wide Range

The nine individual fairs range from heavy industrial engineering and the construction industry to electrotechnology and the latest in data communications.

Another important date in the calendar of the Hannover organizers is the timber fair to be held at the end of May and beginning of June. This event boasts an even higher proportion of foreign participants, totaling 47 percent of the 900 due to arrive this year.

Fairs in West Germany are in a constant state of flux, going on as usual but continually expanding and adapting to the new requirements of the consumer markets. This is evident in recent moves by the Frankfurt Fair authorities and others, who have announced large-scale development to increase exhibition space.

The largest of the Frankfurt fairs is the spring fair, oriented to consumer goods and thus something of a barometer by which producers test the consumer demand potential of the coming year and get an early indication of likely developments in inflation.

The organizers of the fair were relatively cautious in their expectations for this year. As Horstmar Stüber, management chairman of the Frankfurt fair, said in a speech before the opening, "No one expects a consumer miracle from this year's spring fair, but the hope of drifting away from the chill of the (economic) prognosis into a more temperate climate does not seem to be unjustified."

Looking back on the fair, the organizers consoled themselves with the fact that most exhibitors had described results as "satisfactory," but they noted a change in buyers' attitudes to an emphasis on high quality and specialization.

The fair attracted 3,500 exhibitors from 54 countries and 90,000 visitors from 87 countries. Buyers came as usual from the Netherlands, Switzerland, Italy, France, Belgium and Britain, but new contacts were established with visitors from Spain, Greece, Latin America and the Middle East OPEC countries, according to the organizers.

Frankfurt Book Fair

Increased interest from the United States and Japan came largely as a result of exchange-rate benefits those countries enjoyed when purchasing German goods, although the organizers' review statement said there is an apparent increase in American preoccupation with "European nostalgia."

Perhaps the most famous of the annual events held in Frankfurt is the Book Fair, the

world's largest market for more than 5,000 international publishers. A relative newcomer on the scene is the Music Fair held early in the year.

This fair had traditionally been part of the spring fair, but became independent last year, and has expanded significantly. Concentrating on musical instruments, the fair also attracts music publishers and makers of all kinds of electronic gadgetry concerned with music and its reproduction.

Not to be forgotten is the Frankfurt Automobile Fair, the largest show of its kind, which takes place every two years.

Most large West German cities are represented on the fair calendars. Munich, like Frankfurt, began its present type of fair just after the turn of the century, but in 1954 began emphasizing the construction industry. In the mid-1960s it branched out further to include electronics and gastronomy.

The Munich Fashion Fair also gained importance at that time.

Other fairs in Munich are the I.S.P.O. exhibition of sports articles, and the watch, jewelry and silver goods fair, INHORGENTA.

Düsseldorf, near the hub of the industrial Ruhr area, offers — among others — INTERPACK, the most important trade fair for packaging material and machinery.

Cologne will present 24 fairs this year, including an exhibition of trade and economy from the People's Republic of China.

And Hamburg celebrates the gastronomic fair, INTERNORGA.



Labor Relations: Era of Confrontation Shapes Up After Decade of Peace

BONN — An era has ended in West Germany. It lasted for 30 years and it was called "industrial peace."

Those were the halcyon decades when, under the slogan of *Vernunft* — common sense — both organized labor and management used to baffle foreign observers by being totally unlike unions and capitalists elsewhere in the world. Instead of arguing over the size of the slices, they worked in partnership for a bigger pie. The chances of a strike being called were about as great as being hit by lightning on a cloudless day.

Few Work Stoppages

On the rare occasions when work stoppages did occur, they were regarded as some kind of national calamity. And invariably they took place according to some unwritten code: three weeks or so of strike accompanied by a retaliatory lockout, harsh words in public but quiet negotiation and accommodation in private that brought a compromise solution well before either side had let blood.

It was a cozy period that not only contributed immeasurably to West Germany's postwar affluence, industrial prowess, export muscle, social calm and political stability, but made the nation the envy of other frequently strike-bound and class-warring lands.

But for the past year or so — some observers date it back even further — West Germany's ostensibly peaceful industrial front and carefully choreographed labor relations have come to resemble a bitter tug of war between employees and employers, between the country's 16 huge nationwide and industrywide unions on the one side, and organized management groups on the other.

Opening Round

Just how bitter was apparent during the opening round in this year's wage negotiations when I.G. Metall, the two-million strong metal workers union, demanded an 8-percent wage increase to which Gesamtmetall, the management and employer organization, responded with an offer of only 2.5 percent.

Never have management and labor in West Germany been so far apart in their positions at the start of wage negotiations. And what has been happening in the steel and metal-working industries is but a taste of the bitter struggle over wages that will take place in

West Germany's labor relations have come to resemble a tug of war between employees and employers, between the 16 unions on the one side, and management groups on the other.

other branches where current contracts expire later this spring.

The leaders of all principal unions are under strong pressure from their rank-and-file members to maintain a real improvement in the standard of living and not make concessions at a time when more and more workers are going on short time or are being laid off.

Yet curiously, the real cause for the new bellicosity lies deeper. The wage disputes are but a substitute battleground.

Ironically, the real cause is West Germany's highly advanced and much-vaunted form of industrial democracy and labor co-determination, or, to be more specific, what labor regards as management's attempts to undermine those gains and turn back the clock.

Enacted in 1976, after many years of haggling and divisiveness in the left-liberal government coalition of Social and Free Democrats (SPD and FDP), the co-determination law gave worker representatives an equal number of seats and an almost equal voice to that of shareholders on the corporate supervisory boards of West Germany's largest companies — those employing 2,000 or more people.

Stage for Harmony

The law, hailed abroad and in West Germany despite labor's feeling that it did not go far enough and did not give worker representatives true parity, seemed to set the stage for a new period of labor-management harmony.

That, however, was a short-lived illusion shattered in the summer of 1977 by organized management's

decision to challenge the constitutionality of the new law in the supreme court. Business interests claimed that it violated rights of private property.

In the eyes of organized labor, the suit was a breach of contract and of a gentleman's agreement. The court action poisoned the atmosphere and triggered a spate of stalled and broken industrial negotiations, a pattern of collective bargaining gone awry. It heralded the end of the spirit of "social partnership."

Although the Karlsruhe supreme court fully upheld the co-determination law in its March, 1979, ruling, relations between labor and capital have never been quite the same since that constitutional test suit was filed. Somehow it became impossible to revive the old rules of the game.

Matters went from bad to worse last summer, in the middle of the 1980 election campaign, when an even more cherished achievement of West German labor was threatened — the system of parity co-determination in the coal and steel industry.

Power for Labor

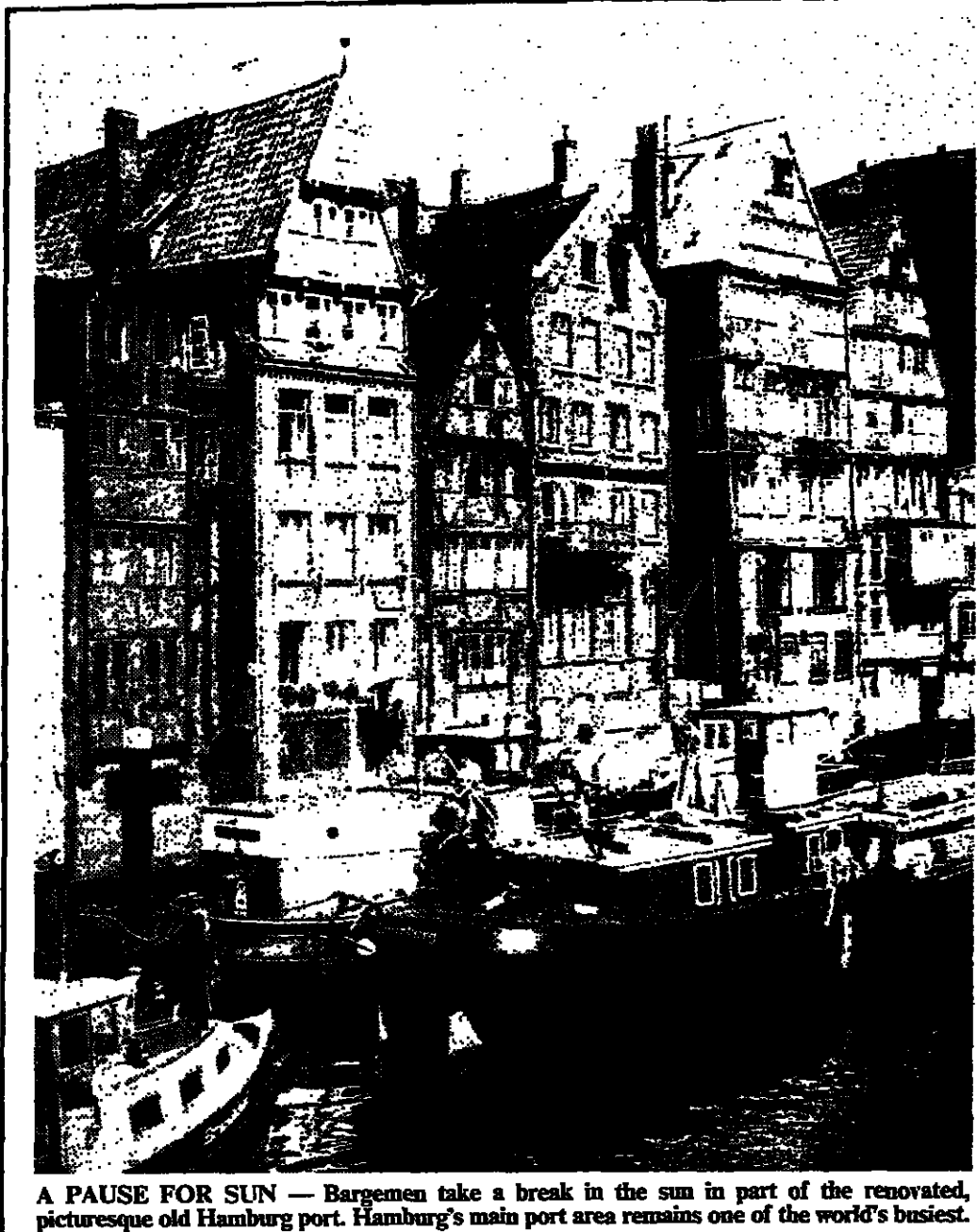
This law, which affects mining, iron and steel companies with payrolls of more than 1,000, dates from 1951 and affords labor far greater power and authority than the 1976 act.

It was enacted during conservative Chancellor Konrad Adenauer's first administration — under considerable prodding from the unions and Western Allies, and in lieu of the nationalization of the coal and steel industries that seemed imminent at that time.

After Germany's defeat, the Allied governments wanted to break the power and traditional hold of the Ruhr industrial barons who had provided the financial backing for Hitler's rise to power and the arsenal for his war machine.

The major coal and steel companies were broken up and from the remains 25 independent and much smaller companies were formed. As the Allied military governments envisioned it, these would later be nationalized — a proposal enthusiastically supported by the trade union leaders, most of whom had returned from exile and emigration abroad.

To prepare for nationalization, the Allied military governments in the U.S., British and French occupation zones established company



A PAUSE FOR SUN — Bargemen take a break in the sun in part of the renovated, picturesque old Hamburg port. Hamburg's main port area remains one of the world's busiest.

boards on which employers and union representatives were equally represented — a precedent-setting step toward industrial democracy not only in Germany but in any other Western capitalist country.

By 1951 — six years after VE Day and two after the founding of the West German Federal Republic — nationalization plans were

scrapped. But in a compromise with the Allies' original intent, the coal and steel industry co-determination model was institutionalized as law and became part of the corporate statutes of every major firm in that branch.

The measure provided for 10-member corporate supervisory boards, equally divided between

representatives of labor and shareholders, with a neutral 11th member, jointly elected by both sides, who has a tie-breaking vote.

It goes considerably beyond the much ballyhooed 1976 law that applies to all other kinds of large companies.

Although that measure also gave labor an equal number of repre-

sentatives on corporate boards, it provided that one of the labor members must be a junior executive or representative of middle-management, more likely to side with capital interests. Moreover, the board chairman, by law always a representative of the shareholders, has a second, tie-breaking vote in case of a stalemate.

Summer Change

The 1951 coal and steel law thus remained as the ideal for which labor in West Germany continued to strive. But last summer it was suddenly threatened.

In June, Duesseldorf's huge Mannesmann Corp., an engineering, steel-producing and steel-pipemaking conglomerate with 184,000 employees worldwide and in 11th place among the country's industrial giants, announced plans to trim annual operating expenses by reorganizing its corporate structure and merging its presently independent steel mill into its pipemaking subsidiary.

From a business standpoint, the move made sense.

Steel production used to be one of the firm's chief pillars. But years of crisis in that industry have diminished the mill's role to where now, in effect, it is little more than a supplier of the metal for the pipes division. Organizational streamlining and a merger of the two, Mannesmann's management contended, would save some \$28 million a year.

However, the reorganization would make Mannesmann no longer a "steel producer," and thus the company would no longer be subject to jurisdiction of the 1951 co-determination act.

The political implications were clear, and while leftist and trade union members of parliament were threatening to call a special session of the Bundestag to enact a measure that would prevent any company from escaping the 1951 provisions, Chancellor Helmut Schmidt used his influence to persuade Mannesmann's management to postpone any decision on reorganization until after the Oct. 5 election.

Threat to Coalition

But once the election was over, the Mannesmann case hung over the coalition government like a Damoclean sword, threatening to split the SPD-FDP partnership before it even entered its new term.

Being strongly free-enterprise oriented, the FDP had never fa-

vored co-determination a been instrumental in down the 1976 act. As far as some Minister Otto Lind and his faction were concerned, Mannesmann — and all of steel producers — at free to reorganize as they even if it meant escape provisions of the 1951 act.

To organized labor and careful lobby within the SPD, Mannesmann's plans were not retical but would set a p for other companies, ul leading to an erosion of steel industry co-de tion model.

It was not until late Ja this year that Chancellor S and Foreign Minister Dietrich Genscher's coalition reached a comprom which at least the politicz able to live.

A bill now being proce vides that any company a subject to the 1951 act be reorganization or a chan production program will retain the party managen term for six years after it i restructured.

But whether organized l live with the compromise certain.

Opposition Voiced

Both Heinz Oskar Ve chairman of the *Deutsche schaftsbund*, the German tion of Trade Unions, an Loderer, the head of I.G have announced that they the compromise proposal, passage by the Bundestag as intolerable.

To organized labor it is betrayal and retreat from i won three decades ago.

Worse, it comes on top i legal haggling over the I evision of it by some 200 nies through changes in corporate structures, and a preme court ruling up management's right to d outs in industrial disputes.

All this has polluted i harmonious atmosphere, i while era of labor-manage operation has degenerated confrontational mood. It manifest itself in tougher negotiations and, possibl spate of strikes.

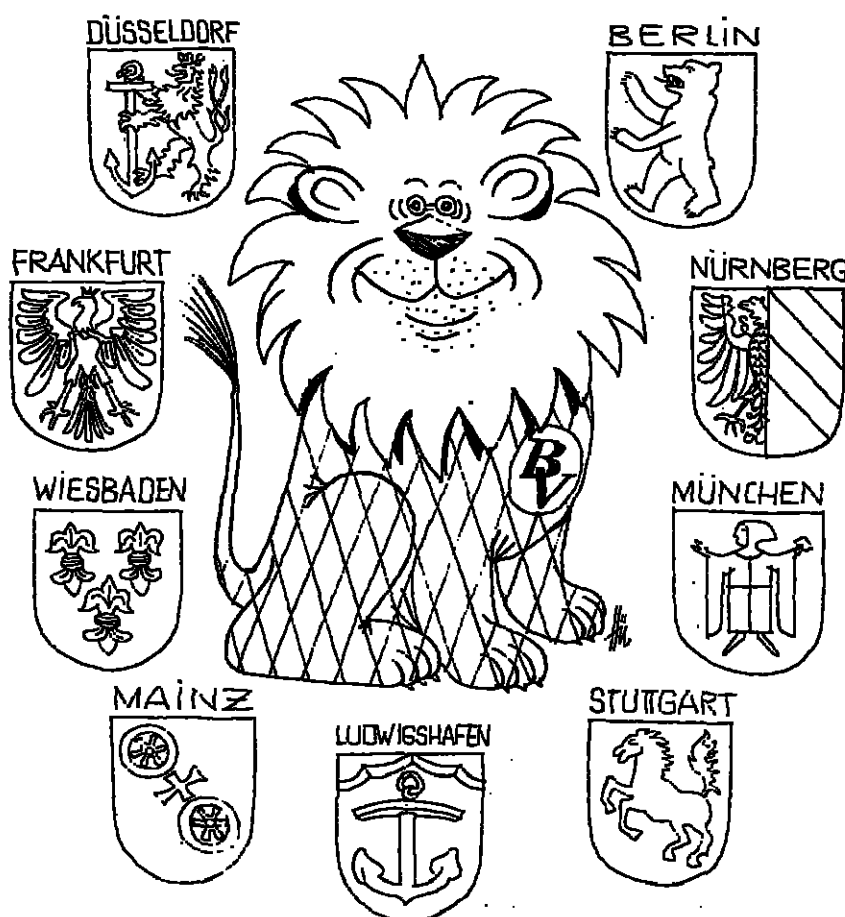
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حکومت الامارات



Electricity: Plant Investment Reaches Record Levels of the 'Oil Shock' Years

Andrew Hargrave

FRANKFURT — The West German electricity supply industry invested nearly 11 billion marks last year, well above the 1979 total of DM8.3 billion.

Investment on power-station plant alone amounted to 6 billion compared with the 4.5 billion in 1978, and the 3.5 billion in 1977. Investment last year reached the levels of the "oil shock" years of 1974 and 1975.

Consumption increased 1.3 percent last year due to the low level of economic growth (1.8 percent) and decline in the output of power-intensive industries.

Within this total the investment in nuclear-based electricity rose by 2 percent to 14 percent over half was provided by soft coal and more investment in hydro-electricity, whereas oil-based output, here fell below 5 percent.

Gas, too, is a declining source for power stations.

Trends should intensify in several years. The annual increase in power demand, at 7 percent in the early 80s, is now expected to average 4 percent in the early 90s and probably even less in 1991.

It would still necessitate a delivered electricity by the utilities to amount 480 billion hours by 1991 and an increase in combined power-station output of 74,000 megawatts to an 106,000 megawatts, an annual rise in capacity of 2,000 megawatts.

Nuclear stations are expensive but cheaper to fuel and therefore more suitable for the public utility (VDEW) proposals. The cost of coal is for no other reason about 70 percent additional capacity require 22,000 megawatts by coming 20 new nuclear power plants over the next 10 years would include experimental plants such as the fast reactor at

'Expenditure on power-station construction alone amounted to DM4.7 billion compared with the exceptionally low DM2.7 billion in 1979 and DM3.6 billion in 1978; indeed, investment last year reached the levels of the "oil shock" years of 1974 and 1975. Power consumption increased by only 1.3 percent last year due to the overall low level of economic growth (1.8 percent) and decline in the output of power-intensive process industries.'

Proposed Changes In Power-Station Structure

1979-1991

(In Thousands of Megawatts)

FUEL SOURCE	1979 (Pet)	1985 (Pet)	1991 (Pet)
Nuclear	8.7	17.5	30.8
Soft Coal	14.4	14.8	14.6
Hard Coal	20.3	26.6	28.7
Oil/Gas	22.5	23.9	23.8
Others, including hydro and imports	7.1	7.7	7.9
TOTAL	73.9	91.3	106.6

Kalkar and the high-temperature reactor at Uehoh-Schmehausen.

About 25 percent of the additional load — 8,000 megawatts net — would be covered by hard coal. However, to replace out-of-date capacity would mean the building of hard-coal-based power stations of a combined capacity of 13,000 megawatts, largely for middle- and peak-load capacity.

(See table above for proposed changes in the power-station structure through 1991.)

The new structure would aim at correcting the present unsatisfactory base load/middle load/peak load structure by raising the proportion of the cheaper uranium/soft-coal-based capacity, using hard coal largely for middle load and using natural gas and oil-based capacity only as a top-up for peak load requirements.

The plan, VDEW emphasizes, is based not on its own forecasts but those of the government and the economic research institutes. It is therefore presumably a reflection of estimated demand rather than the utilities' wish to expand sales.

Present safety-regulation and approval procedures for power stations can stretch the waiting period from first application to the station's commissioning to 10 years or more. The same situation probably will exist in 1991.

The situation at present is that public utilities, including the relatively small-capacity experimental fast and high-temperature reactors, have at present almost 9,000 megawatts of nuclear capacity at their disposal.

Nine more nuclear stations with a combined capacity of 9,900

megawatts are being built, one due to be commissioned this year and three in 1982-1983. They are all of the 1,300-megawatt pressurized-water variety. A couple of new coal-fired stations (of 700-800 megawatts each) also should be in operation before the end of 1983.

There are nine other power projects, coal as well as nuclear (combined capacity 7,000 megawatts) in an advanced stage of planning, with contracts already awarded.

Additional nuclear and coal stations, with a combined capacity of 7,000 megawatts, are before local courts for approval. Finally, there are Brokdorf (capacity 1,300 megawatts), its construction apparently put off until 1983 (though this is being debated), and Wyl in Rheinland-Pfalz, entangled in approval procedures.

Dr. Manfred Lennings, chief executive of GHH-Gutehoffnungsluette, one of the country's leading engineering and power groups, speaks for many industrialists when he suggests clear guidelines on safety as well as uniform procedures for approval throughout the Federal Republic. Kraftwerk Union (KWU) has even developed a system called "Konvoi," based on the 1,300-megawatt pressurized-water reactor approved by the country's Reactor Safety Commission, to serve as a standard model.

It would, KWU claims, not only simplify the approval procedure but also, through serial production, reduce engineering costs. The system, KWU estimates, may save as much as 20 to 25 percent in construction time as well as in engineering costs.



LIGHTS OF BERLIN — Millions of kilowatts light up West Berlin's Kurfurstendamm, Berlin's most elegant district.

Magazines: A Plunge Into the U.S. Market

By Thomas C. Lucey

FRANKFURT — A handful of U.S. popular magazines are American in an old-fashioned way: Their roots are still back in the Old World.

Perhaps because of the common language, it is not too surprising that Lord Rothermere's Associated Newspaper Group of London is part owner of Esquire or that Rupert Murdoch owns New York's Cue magazine (as well as The New York Post and other newspapers.)

Language, however, is not necessarily a barrier. Daniel Filipacchi, a Frenchman, tried to revive Look, and two of West Germany's major publishers own U.S. mass-market magazines.

Tina, Bella, Woman's World

The latest German-owned magazine to start in the United States is Woman's World, a weekly launched at a cost of \$20 million by Heinrich Bauer Verlag of Hamburg, reportedly Europe's biggest magazine publisher. Bauer owns six of the major German women's weeklies (it also publishes the German Playboy), and two of those weeklies, Tina and Bella, served as general models for the U.S. magazine. The covers of Tina, Bella and Woman's World look almost like identical triplets: they feature a smiling young woman surrounded by headlines about food, fashion and medical and diet problems.

Barbara Bright, Woman's World editor, has been a Bonn correspondent for Newsweek and later was an editor at The Washington Post.

Woman's World started with a

circulation of 600,000 in 17 cities, with a goal of reaching 1 million by the end of this year. But it must fight a tough battle at supermarket checkout counters against such established women's fare as Family Circle and Woman's Day. There has been criticism that Woman's World lacks the editorial strength to survive among such heavyweights. And it has no advertisements.

Bauer started American media and advertising circles by launching Woman's World without ads. "We always start our magazines without ads," a Bauer executive in West Germany said. It remains to be seen whether this German innovation will work in the United States.

Geo Goes West

Gruner & Jahr AG, publisher of the 1.7-million circulation weekly Stern and other leading magazines, turned to the United States as what it called "the biggest press market in the Western world." In 1979, Gruner & Jahr put its monthly magazine Geo on the U.S. market. Started in the autumn of 1976, the original German Geo was seen by Gruner & Jahr as a serious magazine of "big reportage" by writers who would rather write books than magazine articles, and of lavishly displayed color photographs. Subject matter ranged widely, from the space shuttle program to Japanese wrestlers and zoo animals. Geo established itself quickly with German readers.

Gruner & Jahr produced Geo

USA as part of its wholly owned subsidiary based in New York, with the goal of 200,000 circulation, or about half of the German Geo's. But the magazine ran into trouble. An editor quit, saying the German owners insisted on using translations from the German Geo and did not really want to put out a high-quality product. A Gruner & Jahr executive indicated to the German news magazine Der Spiegel that the U.S. editors had not achieved the quality of the German Geo and were spending too much money.

Although the Hamburg publisher reportedly had planned on recycling German material to fill about a third of Geo USA, it also scheduled \$1 million to advertise for subscribers for the new magazine. One problem was the \$4 cover price, high for the U.S. market (the German edition now sells for \$4.50). Another problem was the slow start in gaining advertisers. Geo USA was reported to be about a third below its ad-sales goal in mid-1980. The U.S. recession did not help.

Publisher Is Cautious

Despite a prediction last year by Gruner & Jahr that the company would recover its \$20 million investment by 1985, Reinhard Mohn, head of Bertelsmann AG, Uetersloh, which owns almost 75 percent of Gruner & Jahr, is more cautious. Mr. Mohn, who retires at the end of this year as chairman of Bertelsmann, the second-biggest publishing empire in the world, pointed out in March that it is still not possible to say whether Geo

USA will be successful. The magazine accounted for a considerable share of Bertelsmann's \$26.5 million spent to open and develop new markets in the business year ending last June 30. Geo USA will continue on a trial basis.

Geo has been more successful in France, where it was started in March, 1979. At the beginning of this year, Gruner & Jahr introduced Ca m'interesse, a French version of its rapidly growing popular science magazine P.M. There is some U.S. influence behind P.M.: Its editor, Gerhard Peter Moosleiner, who named the magazine after himself, studied journalism at Northwestern University.

Bertelsmann's other U.S. investments include the Brown Printing Co. of Waseca, Minn., which prints Fortune and many other magazines, and Artista records. (Bertelsmann has been in the German record and cassette business since 1969.) In addition to Geo USA, the company publishes Parents magazine.

Parents was founded in 1926 in the United States as a magazine for mothers and mothers-to-be. In 1966, a German edition of the magazine appeared as Eltern and was eventually bought by Gruner & Jahr. Nine countries as different as Britain, Turkey and Indonesia, have bought licensing rights to the German version of Parents. And in May, 1978, the German publisher bought the original Parents magazine, which Adweek, a trade publication, says is now "one of the three hottest magazines" in the United States.

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BMW 1981: progress keeps moving with BMW.

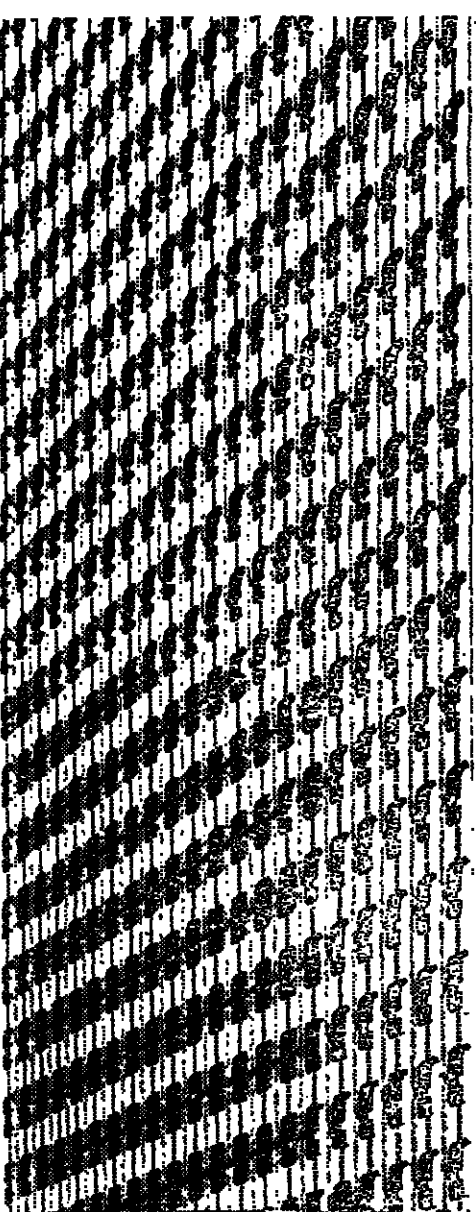
BMW's success in the fiercely competitive export market, demonstrates that for more and more demanding motorists BMW cars represent the most appropriate conceptual and technological solution to present-day and future conditions. Because in addition to the acknowledged advantage of offering motorists a comprehensive and integrated driving "system", based on outstanding engineering innovation and the most advanced technology (for instance, BMW electronics), BMW cars express a genuine consciousness of the need for greater efficiency, economy and social foresight.

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BMW AG, Munich



BMW 1981. Optional extras: Super-low profile TRX 220/55 VR 200 tires on BMW forged light alloy wheels.



Highly Trained Armed Forces Play a Leading Role in NATO Alliance

BONN — Three decades ago John J. McCloy, then U.S. high commissioner for Germany, briefed a group of journalists about Washington's plan to push for West Germany's rearmament and membership in NATO.

That was in 1950. World War II had been over barely five years, and the Third Reich was still a vivid memory. Skeptically, several of the correspondents at the secret briefing asked McCloy whether he thought West Germans would really go along with the idea.

"Just give me a brass band and a loudspeaker truck," he replied jokingly but optimistically. "Then let me march from Lake Constance in the south to Kiel up north, and I will have an army of a million men behind me — all eager-eyed."

Assessment in Error

Few assessments of postwar public opinion in West Germany were ever quite as wrong. Few have proven to be as consistently wrong for so long. Burned too often in history, an army was the last thing West Germans wanted — then or now.

Yet, five years later, in 1955, the Bundeswehr came into being and West Germany joined NATO. Last fall the 25th anniversary of that occasion was celebrated here amidst considerable hoopla, soul-searching and stock-taking.

With nearly 500,000 men, almost half of them drafted serving 15-month terms, it is now a highly trained and proficient force, the largest in Western Europe, and the only one entirely committed and totally subordinate to the Western allied command.

It has the most modern and technically perfect weapons — so much in demand elsewhere that the Bonn government is currently engaged in a protracted debate over whether to lift or modify its own restrictions on the export of military hardware.

NATO Councils

Today West German generals sit as respected partners in the senior councils of NATO. A new generation of senior officers — men too young to have served in Hitler's Wehrmacht — are now in the anterooms of top command: as colonels and brigadiers about to gain their first star or a second. In another five years at the latest, not a single World War II veteran will remain on active duty.

The navy, though small and limited to ships of destroyer size, recently demonstrated its global capacity by engaging in exercises in the Indian Ocean.

The air force, the Luftwaffe, after an initial period of floundering and trying to close a 10- to 15-year gap in technology and training, manifested by the loss of more than 200 of its F-104 Starfighters, is now judged by the experts to be highly skilled and professional. And despite the political hullabaloo surrounding its spiraling and unexpected cost — 100 million Deutsche marks per plane — the Luftwaffe will soon be equipped with one of the world's most sophisticated and up-to-date

aircraft, the West German-Italian-British Tornado.

Yet, the Bundeswehr remains perhaps the most controversial issue in West Germany today. There is interminable debate about the views of its officers, its role in society, its purpose, and public attitudes toward it — especially on the part of the young.

Ambiguous Purpose

The source of its troubles dates from its inception 25 years ago and is two-pronged. One was the new army's ambiguous purpose, still somewhat nebulous, as nothing more than a part of a multinational force — NATO. The other is that from its inception the Bundeswehr was — and remains — a "yes, but" army bearing no resemblance to those of past eras with their goosestepping arrogance and codes of puppet-like obedience.

For, in ultimately saying "yes" to rearmament, West Germany also said "but only under conditions that would protect the state from the soldier while the soldier would be busy protecting the state from enemies." It was to be a "democratic army of citizens in uniform."

A novel concept and an admirable goal, but the historically rooted contradictions in it remain unresolved to this day.

To be sure, there seems little danger any longer that the Bundeswehr might become a "state within the state" as its predecessors were — despite some alarming cases of generals with ultra-rightist views who not only glorified Nazi heroes such as ex-Col. Hans Ulrich Rudel, Hitler's favorite and wartime Germany's most highly decorated officer, but also defied the principle of civilian, political control.

Distant Dream

On the other hand, the army's integration into and acceptance by society appears a distant dream.

This was glaringly apparent with the violence that met last year's series of public swearing-in ceremonies of new recruits.

The most violent of all, in a Bremen stadium last May, was attended by West German President Karl Carstens and Defense Minister Hans Apel. It left 257 police, a dozen soldiers and an estimated 50 anti-military demonstrators more or less seriously wounded.

The ceremonies, with their brassy symbolism and martial pomp and circumstance, have the avowed purpose of "integrating the Bundeswehr into society" and of giving recruits a sense of "common duty," a feeling that they are "part of society."

There is strong opposition to them within Mr. Apel's and Chancellor Helmut Schmidt's own Social Democratic party (SPD), but both Mr. Schmidt and Mr. Apel are on record as committed to continuing the practice, certain to be met with even greater violence and outcries in 1981.

Pacifism Spreads

That they are considered necessary is symptomatic of a greater problem: public attitudes

toward the Bundeswehr and the pacifistic mood spreading among West Germany's young generation.

Opponents claim that these public ceremonies — and there are likely to be dozens of them all around the country again this year — are merely martial displays that make the hearts of old soldiers and those who pine for past military ritual beat faster.

According to supporters, they are attempts — inchoate, injudicious and ill-conceived perhaps — to integrate the Bundeswehr into society, to persuade West Germans to identify with the state.

Either way, the dispute has at least placed into focus some of the problems that have bedeviled the Bundeswehr from the start.

All armies of democratic nations, established for the purpose of maintaining peace, tend to suffer crises of morale and identity in times of peace, largely because that mission is historically inconsistent with the traditional roles of armies as such — to either defend the nation against enemies real or presumed, or to extend national power.

Morale Problems

In practical terms this leads to morale problems and disgruntlement among the peacetime army's professionals — the officers and career non-coms — who are frustrated by limited opportunities of promotion and the drudgery of their work as "bureaucrats in uniform."

In the Bundeswehr this has led to the formation of organizations of officers and non-coms that now strongly resemble trade unions. They do not yet engage in collective bargaining for higher pay, shorter hours and better promotion chances, but the day may not be far off when they do.

But beyond that, West Germany's army has a special crisis.

It was not created for a national purpose, the nation itself being divided with 17 million under Communist rule in East Germany, but as one contingent of a multinational force and alliance. Membership in NATO is, in fact, the Bundeswehr's raison d'être and only charter. For all practical purposes, its commander-in-chief is not a German but an American — Gen. Bernard Rogers, the Supreme Allied Commander for Europe.

There are inherent contradictions in this, and they are exacerbated in a period such as the present one when NATO itself seems divided and West German foreign policy is not entirely harmonious with that of the U.S.

To complicate matters, the Bundeswehr was established 25 years ago with heavy burdens that continue to weigh on it.

There was the legacy of Germany's martial past and the historical, elitist state-within-the-state role of the military in society. There were also the fears and suspicions of a new army even among West Germany's friends.

There was the pacifistic mood that grew out of World War II and the Third Reich, which McCloy misjudged in 1950 and which led to foot-dragging on the country's rearmament. Three decades later, that mood seems to be

getting stronger instead of weaker. During a three-month period in 1977 when Bonn tried easing the obstacles that face draft-age Germans wanting to declare as conscientious objectors, the number of potential draftees registering as objectors increased sixfold — to 18,000. The experiment was quickly dropped.

Moreover, though it was to be a new "democratic" army, with a different role in and attitude to society, it had to be launched and built up by the officers left over from Hitler's Wehrmacht. Only they possessed the skills and training to make it at least a halfway effective military force.

SPD Opposition

And last, but by no means least, there was the strong initial opposition to rearmament from the very political quarter — the Social Democratic party — that now governs the country and appoints the ministers of defense.

It is ironic, but true, that three SPD defense ministers since 1969 — Helmut Schmidt, Georg Leber and Hans Apel — have all waxed more martial and soldierly than their three Christian Democratic (CDU/CSU) predecessors — Franz Josef Strauss, Kai-Uwe von Hasse and Gerhard Schroeder. It was almost as if

they were using the defense post to demonstrate and reiterate that the SPD had jettisoned the pacifist, anti-military planks of its party platform of the 1950s.

For years, for example, the CDU/CSU defense ministers and also Mr. Schmidt and Mr. Leber, had resisted pressure from the brass to give the Bundeswehr a system of decorations and medals. Tinsel and bangles, they contended, were inconsistent with an army of technocrats and technicians that had substituted computers for the old parade-ground drill. But Mr. Apel, who prided himself on never having spent a minute in uniform when he was named defense minister in 1978, instituted medals last year: three degrees of crosses, in gold, silver and bronze, and a medal of merit.

To a degree, the doubts now hovering over the Bundeswehr resemble those surrounding the U.S. Army and the discussion in Washington over resumption of the draft. But they go deeper here.

Need for Traditions

Armies need traditions. But what kind of healthy traditions can the Bundeswehr draw on without instantly conjuring the specter of Germany's past? Which German military lead-

ers in history, for instance, can be held worthy of emulation? How in a society that merely tolerates the existence of an army, its career professionals be integrated? How draftees be energized to serve when the purpose of service, in an affluent land and a relatively peaceful world, seems nebulous, obscure and superfluous to those young men?

These are the questions preoccupying West German leaders currently as the Bundeswehr enters its second quarter-century with its role and mission the subject of heated controversy.

Some in West Germany say the country would have been better off had it been born as "a larger Switzerland" and the army but conceived as merely a "larger Swiss militia" which defense of the homeland, against all and all enemies, and universal service by citizens is axiomatic from the cradle. Had that been the case, they contend, there would be need for public swearing-in ceremonies of recruits, and of course no protest demonstrations against them, and no need for medals, etc. But history took a different course and three-quarters of 25 years after its establishment, the Bundeswehr, though proficient, effective and well equipped, remains a "yes, but" army.

Pledge Made to Increase Assistance

(Continued from Page 75)

oil industry projects under which service agreements were insured for the first time.

The whole debate on the level of aid spending might now be spurred on following the recent publication of a research paper from the DIW Economic Research Institute of West Berlin. The paper examined the effects on domestic employment of raising spending on development aid. It noted that calls for higher spending are often countered with the argument that such aid withdraws purchasing power from the domestic economy unless given with the proviso it should be spent on West German goods.

Aid Flowback

However, recent statistics show that even after such provisos were lifted to a great extent in 1973, substantial amounts of aid funds flowed back into the domestic economy in the form of orders. Between 1974 and 1979 only an average of just under one-quarter of West German bilateral aid was formally bound to the purchase of goods from West German firms. But 70 percent of total West German aid spending nonetheless returned as goods ordered from German companies. In addition, follow-up orders were received once projects had begun. The DIW observed that bilateral aid from other donor countries also sometimes resulted in orders for German firms.

The largest portion of West German bilateral aid comes in the form of capital spending,

directed via the Reconstruction Loan Agency (KfW) into specific investment projects. Between 1976 and 1979 about two-thirds of all total capital aid returned as orders to German companies, chiefly to engineering firms, followed by electrical and motor-vehicle groups.

Technical aid is largely provided by the German Society for Technical Cooperation (GIZ), which offers technical, business and organizational expertise. Eighty-six percent of spending during the past few years in this field flowed back into the German economy. This was largely for providing the necessary experts, advisory and consulting backup, and product purchases.

Turning to the effects of aid spending on the domestic economy, the institute noted that capital and federal technical aid totaling 2.3 billion marks in 1976 led directly to contracts valued at 1.6 billion marks for West German firms. This required preliminary work amounting to 1.3 billion marks, and resulted in gross production value of about 3 billion marks. Such production volume amounts to the employment of at least 29,000 people.

Following the rise in aid spending up to 1979, the effect on employment increased, although improved productivity must also be taken into account.

Putting such figures into perspective, the institute indicated that production and employment dependent on development aid is below one percent of the total in the German economy. It said about one-tenth of goods exported in 1979 from West Germany and flowing into

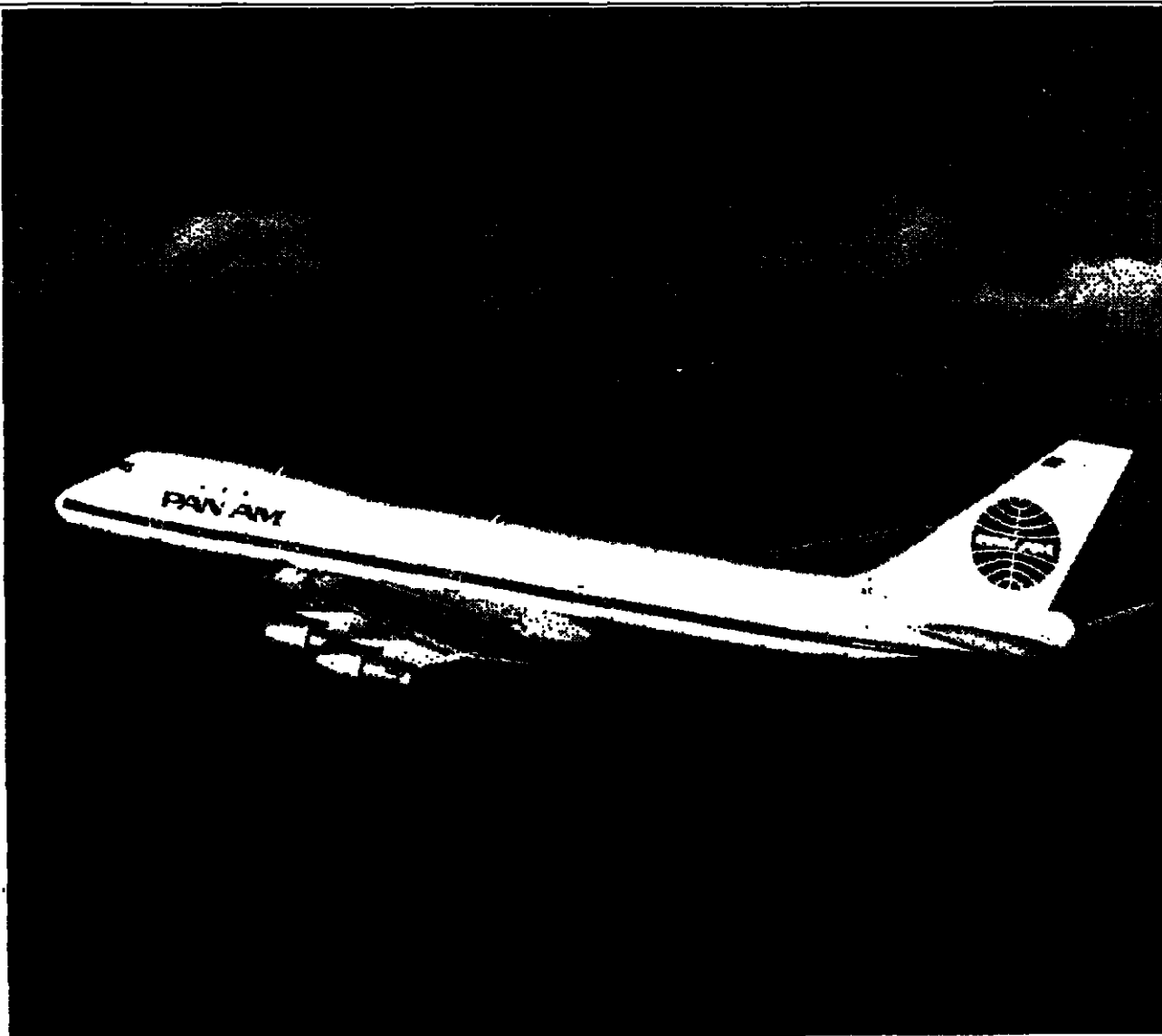
developing countries, including OPEC, were financed by international development aid. The remainder of the international aid, which total amounted to 51 billion marks in 1979, returned in orders to other countries or prompted some demand there for German goods. This effect may have been worth as much as 900 million marks.

Demand for Goods

Thus overall demand in 1979 for West German goods resulting from such aid was worth around 7.1 billion marks, equivalent to gross production value of 13 to 14 billion marks and the employment of 100,000 people, the institute said.

One mark spent on development aid will flow back, partly directly to the donor country and partly delayed and indirectly, the DIW pointed out. A one-percent change in Western industrialized countries' development aid causes a change in the German employment level of about 1,000 jobs, either lost or gained with lower or higher spending, respectively. Therefore, any moves by the United States to slash aid, particularly its contributions to international institutions, would influence employment levels in West Germany.

These considerations regarding employment levels, the DIW underlined, should not be emphasized in the debate on development aid for which humanitarian, moral and foreign policy motives are the principal factors. Such an analysis, however, may ease the decision on the amount of aid to be given overall, it said.



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Good relations with all parts of the world has long been a tradition in Lower Saxony, a country which has always been much sought after as a partner because of its geographical situation on the sea and in the heart of Europe and because of the world-wide demand for its wares, both raw materials and finished products. Today Lower Saxony lives to a greater degree than ever on and with its international contacts. A large number of big, medium-sized and small firms are busy as importers and exporters, thus making their successful contribution to the world-wide exchange of goods, services and know-how. A commercial country of repute and one which is fully aware that trade routes are not one-way. Lower Saxony, as meeting place for East and West and North and South, is fully equipped to meet the future.



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During the Hanover Trade Fair from 1-8 April, 1981, the Lower Saxon Minister of Economics and Transport will provide you with information on what the country and its business community have to offer in the way of services at an exhibition in the **Niedernachspavillon Stahlstr./corner Mannheimer Str.**

ملتانہ الاصل



Energy: Federal Government Stresses Need to Find Alternative to Oil

Andrew Hargrave
 Chancellor Helmut Schmidt recently estimated that the drop in West German income (due to a year's oil price) at around 30 billion marks, an average of about \$450 for each citizen. And he could point to the fact that in many years, the 50 per cent of the internal energy market, increases prices still accounted for half the country's current deficit of DM28 billion.

The federal government's plan as a whole needs to be funded of the necessity of finding substitutes for a message has been forceful, home by declining demand from Iran and Iraq, participate the Gulf war. The two oil accounted for 13 per cent of Germany's crude oil imports recently as 1979.

The war "underlines the risks very supply," the government said earlier this year in its report for 1981, "especially the crude oil sector." The report restates the priorities saving future energy supply the replacement of oil by energy sources, including "limited development" of nuclear energy, diversification of gas, including liquid gas, use of energy through heat utilization, district heating, the preparation of crisis reserves in case of a future emergency, close attention to new and able energy sources.

Intending intentions to action are is, however, widespread concern — particularly by industry and public utilities — about government's willingness and its ability to convert good intentions into a credible long-term program. The Brokdorf decision earlier this year is used to the doubts.

The construction of a nuclear station at Brokdorf, north Hamburg, has been delayed by five years. After a burst of optimism and a partial approval of the ruling Social Democratic Party (SPD) in Hamburg decided by a fair majority not to proceed with Brokdorf, which

SECTOR	1980-85	1980-90	1980-2000
Hard coal	22	50	150
Brown coal	6	11	28
Crude oil	15-20	30-40	75-90
Natural Gas	17	40	70
Electricity:			
generation/distribution	55	147	300
Nuclear reprocessing/disposal, etc.	12	28	70-90
Renewable sources	7	50	
APPROX. TOTAL	130	320	760

could mean withdrawal of the Hamburg electricity utility, a 50-percent partner, from the project. What many people found irritating was the absence of Chancellor Schmidt, a native and former senator of Hamburg, from the congress. For it is his government, after all, that favors expansion — albeit cautious — of the nation's nuclear power program.

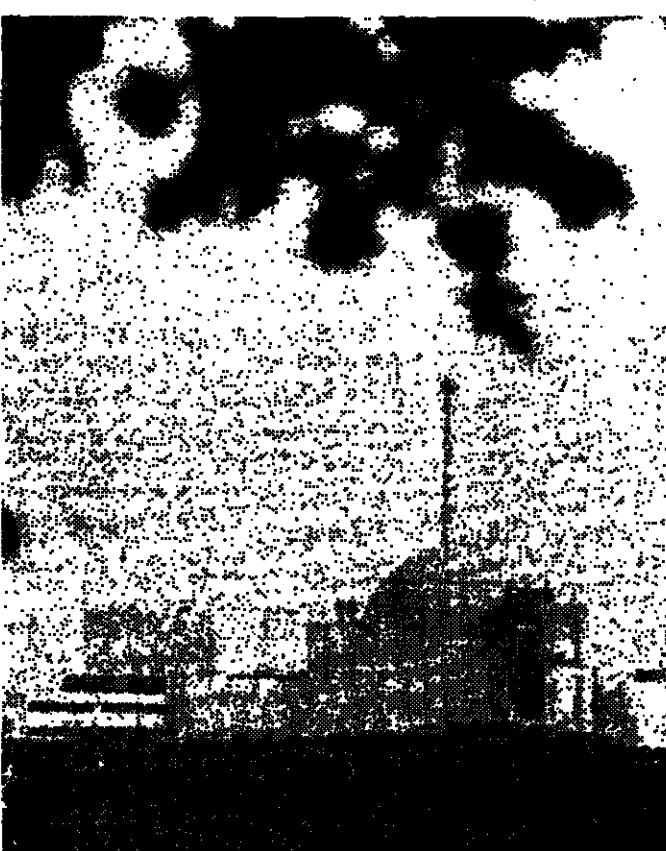
The Brokdorf episode seems to bear out the view that the federal government is lukewarm about nuclear energy and without a credible long-term energy concept, although the report of a parliamentary and technical commission last June was of little help to the government in arriving at a clear-cut decision.

Three Options
 The commission, saying that it is not possible to decide "on the basis of a broad consensus" for or against the long-term use of nuclear energy, suggested postponing the final decision until 1990.

By that time, the commission said, three options will have been explored: development of nuclear energy through fast reactors "with all the consequences," development of nuclear energy limited to non-fast reactors; and no nuclear power at all.

If the first option were chosen, the commission said, the decision would be final and would involve the hotly disputed development of sites for nuclear waste disposal and reprocessing facilities. These also would be necessary, though less urgently, in Option II, which is the one believed to be favored by the commission.

However, in its projections to the years 2000 and 2030 the report suggests that even at modest in-



NUCLEAR POWER — The 1,300-megawatt nuclear power plant on Weser River began generating electricity in 1978.

creases in the Gross Social Product (3.3 percent and 2 percent a year) an energy gap would develop unless the pace of nuclear power-station building were increased. The report also points out that renewable energy sources — sun, wind, tides, natural heat — could contribute only 7.5 percent to 9.5 percent of total primary energy consumption and that if the oil and gas portion of the total were reduced from the present 65 percent to around 40 percent, coal's percentage would be increased from well below 30 percent, as it is now, to around 35 percent by the year 2000.

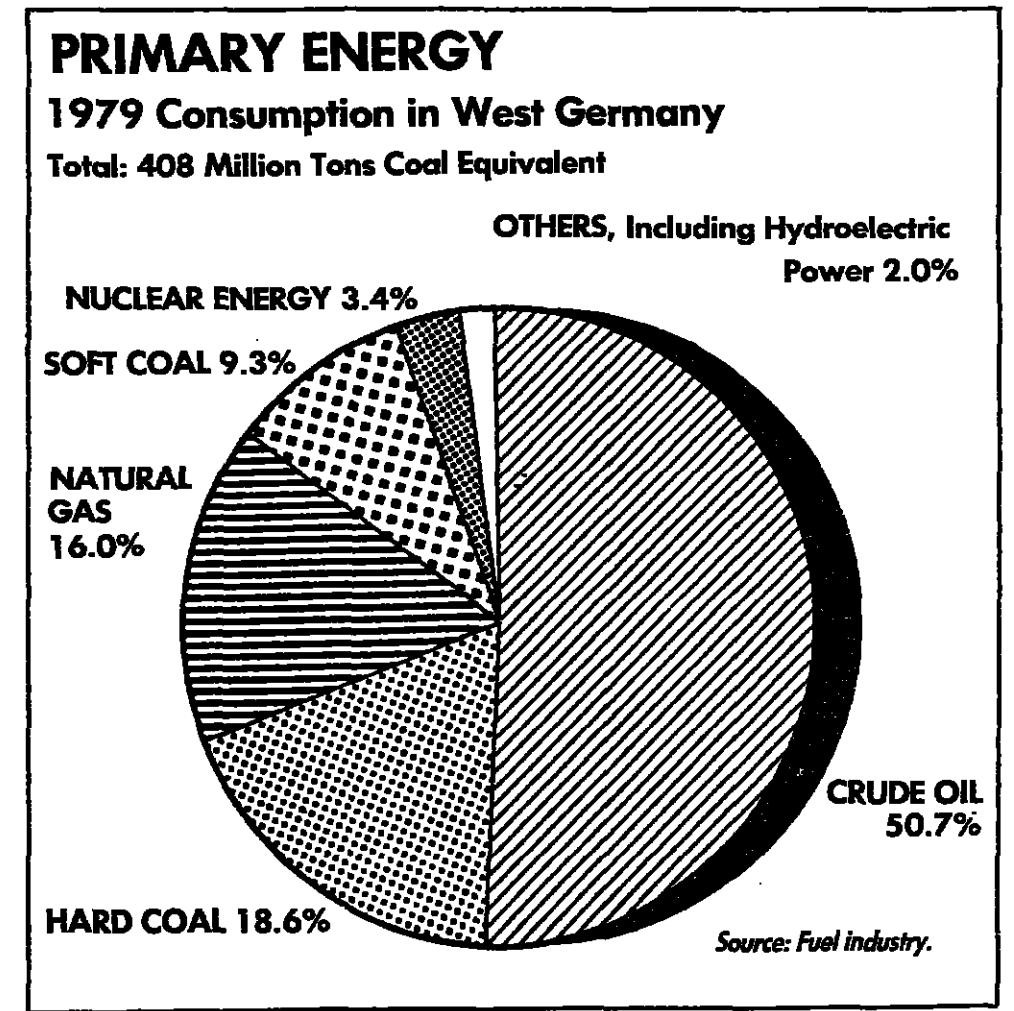
Meanwhile, the debate goes on. Critics of the government's uncertainty about nuclear energy argue that procrastinating until 1990 will place the whole West German economy, dependent on secure and uninterrupted supplies of energy, into jeopardy.

Different Situation in France
 They see a gap developing between supply and demand long before 1990, and considering that the average waiting period between the first application for approval by the local courts and the commissioning of the power station is about ten years, their anxiety is understandable. (In France, often used as an example, the waiting period is only about five years; a major reason why France — a late starter in nuclear electricity — is overtaking the rest of Europe. Nuclear electricity is to supply at least 50 percent of France's power needs by 1988 while in West Germany its maximum contribution by 1990 will be a maximum of 30 percent.) Brokdorf and Gorleben — the disputed nuclear waste disposal site in the northeast — are bitter-sweet reminders.

Max Ludewig, a member of the management board of Kraftwerk-Union (KWU), the largest power-station builder in West Germany, estimates the energy gap may be as near as 1985-1988, even if economic and power-consumption growths stay at a modest level. Manfred Lennings, chief executive of GHH-Gutehoffnungshütte, one of the country's leading engineering and power groups, foresees a power capacity gap of 25,000 megawatts by 1990 if no nuclear power stations are approved beyond those already under construction.

"We cannot do without nuclear energy," Mr. Lennings says. "The alternative is to face the risk of no one wanting to invest in our country."

Pointing to the danger of delay in making the nuclear decision does not mean that Ludewig, Lennings and others ignore the need for energy conservation, oil substitutes and use of renewable energy sources. But only those opposing the expansion of nuclear energy on political or safety grounds would claim that such alternatives are capable of supplying even a slow-growing economy or even of retaining present living standards. Nuclear energy is highly capital



intensive, partly because of the very strict safety standards imposed by the authorities. On the other hand, public utilities, industrialists and politicians arguing in its favor maintain that lower fuel costs would compensate for the higher capital outlay quite early in a station's life, especially if fuel prices continue to soar. And if nuclear stations (the others would run on cheap soft coal) meet power base load requirements in full and not, as in the present case, at 40-percent level, it could slow down the increase in power charges.

A study prepared by the Dresdner Bank, one of West Germany's leading commercial banks, shows, however, that all forms of oil substitution including energy saving and conservation are very

expensive. The study says that investment in energy over the next 20 years could be as high as DM760 billion, or 12 times the amount of West Germany's 1980 oil bill. The estimates are calculated at 1979 prices. The breakdown, according to sectors of expenditure in billions of marks, is shown in the accompanying table. The study sees no major difficulty for private enterprise and public utilities to raise these sums. It points out that approximately 3.6 percent of bank credit and almost 5 percent of loans from insurance companies are advanced for energy projects. An increase to 4.5 percent and six percent respectively in the share of energy-related credits, and an effort by the companies to

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Research: Tool For Finding New Energy Sources

BONN — About one-third of the Federal Ministry for Research and Technology's outlay of 6 billion Deutsche marks is intended for energy-related projects sanctioned under the three-year program just ended. It is understood, however, that no new contracts will be awarded this year under the ministry's 1981 budget, which is being raised only slightly to keep pace with inflation.

More than two-thirds of the three-year expenditure was related to nuclear energy, the rest to coal conversion, renewable sources, new and more effective application of technologies including the combined cycle, use of waste heat and district heating. The heavy public investment in nuclear energy is due to the very high research costs in nuclear waste disposal and safety as well as in advanced reactors such as the high-temperature and fast-breeder reactors. Both are due to be commissioned in the 1980s.

The new energy program expected to be announced by the government later this year should give details and timetables for the ambitious (DM13 billion at 1979 prices) coal-conversion program first announced by former minister of research and technology Volker Hauff in October, 1979, and approved by the government last year.

Scheduling of the program may be affected by the West German economy's growth prospects, increases in the price of energy (particularly those of imported oil and gas), the development of an energy concept by the government and public pressure (or the absence of such pressure) to move faster.

14 Projects

The program provides for 14 projects, including very large demonstration plants or substantial extensions to existing plants, for

both gasification and liquefaction of coal. The government intends to back four known techniques for gasification: three for hard coal (Lurgi, Tetaco, Saarberg-Otto) and one for soft coal, the high-temperature Winkler process. All four processes are already being tested in experimental plants. A fifth one, sponsored by Shell and Krupp-Koppers and based on the Koppers-Totzek slurry-gasification technique with a dash of Shell technology, also is being tested.

These experimental plants are expected to wind up this year or next at the latest, hence the need for an early government declaration. Synthesis gas based on soft coal is already believed to be competitive in the Rhine region close to large, still-untapped soft-coal deposits.

Hard-coal-based gas, on the other hand, is estimated to be almost three times as expensive as the natural gas it would replace. However, if combined with steam raising for heat, the economy of the process may improve, as STEAG's experimental power station at Luizen is designed to demonstrate. De-sulfurization, which would reduce pollution without installation of filters, also is part of the process.

Another application of gasified coal is substituting it for gas in the direct reduction of iron ore; an experimental plant based on the fluidized bed combustion technology (more about this below) is shortly to operate at Korf's Kiel steelworks.

Plants Under Discussion

Two big new demonstration plants based on the extension of existing pilot plants are under discussion between the government and the operators, in this case Ruhrkohle and Rheinbraun (an RWE subsidiary) respectively. One would triple the size of the existing



HANNOVER FAIR — Power plant components and equipment made of high-resistant material are displayed at an industrial fair in Hannover. West German research is seeking alternatives to dependence on oil as a primary energy source.

"Ruhr 100" Lurgi pressure gasification plant at Dorsten and would also involve further partners. It would have a through-put of 1 million tons of hard coal a year and produce 500 million cubic meters of synthetic natural gas (SNG). The cost of this plant alone would approach DM2 billion; its integration with a high-temperature nuclear reactor is anticipated at a later stage.

The other plant, using soft coal, would cost around DM600 million and is designed to supply the chemical concerns in the Rhine regions with methanol, an important chemical feedstock. The plant would have a through-put of 1 million tons of soft coal a year and serve as a proving ground for the cost-effectiveness of the process.

Of the coal liquefaction processes, only Fischer-Tropsch, first introduced long before World War II, is being tested on a large scale in West Germany. (In South Africa, Lurgi is in-

'More than two-thirds of the three-year expenditure was related to nuclear energy, the rest to coal conversion, renewable sources, new and more effective application of technologies including the combined cycle, use of waste heat and district heating. The heavy public investment in nuclear energy is due to the very high research costs in nuclear waste disposal and safety as well as in advanced reactors such as the high-temperature and fast-breeder reactors. Both are due to be commissioned in the 1980s.'

volving in expanding the existing Sasol complex to eventually process 9 million tons of coal in order to meet 50 percent of the country's needs for motor fuel as well as provide chemical feedstock, iron ore reduction gas and other products). Some of West Germany's pilot plants are due to be extended sub-

stantially with government assistance. A large joint project being operated by Ruhrkohle and VERA Oel at Bottrop may be extended to convert 2 million tons of hard coal a year into 850,000 tons of gasoline; another liquefaction plant would convert a similar volume of soft coal into gasoline.

Ruhr, is due to be tested in a full-scale plant to open later this year. It is a 200-megawatt power station at Voelkingen in the Saar, which is to process low-grade coal and slurry (or dross). Based on a new variation of the well-known concept of fluidized bed combustion, it is receiving full federal support. Coal is being pulverized under atmospheric or compressed pressure to drive a generator; a refinement of the process enables the exhaust gases from the steam generator to drive a gas turbine simultaneously within a combined power/heat cycle. The process achieves not only a high utilization of very low-grade coal but is free of ash and noxious gases and consequently of environmental pollution.

Anticipating these developments, the West German coal-mining association has called repeatedly for additional coal imports, including 10 million tons earmarked for conversion.

Imported Coal

Another pilot plant, based on a variation of the Fischer-Tropsch process and involving the steel-and-engineering Salzgitter group, is being planned specifically for the use of imported coal.

Government help for an extended use of coal may take different forms. A "Gaspfennig" or "Gaspenny" (like the "Coalpenny" paid by electricity consumers to promote domestic hard coal in power stations), tax concessions, fuel subsidies, investment grants, minimum-price guarantees, provision of the difference between production costs and crude-oil prices are among the measures suggested by the government.

The desirability of international co-operation also is stressed.

Some in private industry say that a combination of such measures could make such projects competitive. Karl Schmid, an executive of Krupp-Koppers, claims that a DM500-million coal-gasification plant producing 500,000 tons of methanol a year as an ingredient of motor fuel could offer competitive rates if the government met half the plant cost and taxed the product on the basis of its calorific value — which is half of that of gasoline. Lower-priced imported coal as the raw material would enhance the success of such a project, Mr. Schmid said.

Another process involving coal, already in experimentation in the

Voelkingen project has been described by Rudolf Lennartz, chief executive of Saarbergwerke, as "one of the power stations of the future," particularly suitable for the coal-producing areas of the Third World. In Western Europe the process may take different forms: the use of oil shale (of which there are limited deposits in West Germany) for production of cement, synthesis gas from coal for the reduction of iron ore, etc.

The federal government's objective in all these projects is to involve private enterprise to a high degree, partly to avoid increased public expenditure but also to refine and improve West German techniques by co-operation or partnerships with major oil companies at home and abroad.

Industrialists such as Mr. Schmid maintain that without a sound domestic commercial base, success in the export markets could well be jeopardized. It is a viewpoint that the federal government — and state governments alike — have to treat seriously when drafting the follow-up to the 1977-1980 energy research and technology programs.

—A.H.

Coal: Reserves High, Technology Resources Vast

ESSEN — West Germany's domestic hard coal reserves are second only to Britain's in western Europe and its soft coal (lignite) deposits are the biggest by far.

The country also has the advantage of developed technologies for refining and converting coal into gas and liquids, utilizing low-grade coal or even dross, and linking coal-fueled devices to others (including nuclear energy) in combined-cycle operations.

However, hard coal deposits are getting deeper and more expensive to exploit and West German miners' wages are among the highest in the world, so the industry has tried to compensate by refining and extending coal preparation and improving underground mechanization and process technology.

This has enabled output per man-shift to rise from 12 tons to 19 tons in ten years.

Greater use of coal reduces the country's dependence on imported oil and the plans are to increase output from last year's 88 million tons to 100 million tons by the end of the century. To make such major inroads into oil usage, including motor fuel and chemical feedstock as well as replacement of oil as a power and heating fuel, would require domestic stocks to be supplemented extensively.

Coal imports, at present officially limited to about 7 million tons a year, would have to be expanded substantially.

While the long-term prospects for hard and soft coal (most of the latter is burned in power stations as a low-cost, base load fuel) are good, temporary setbacks cannot be ruled out.

The world steel recession has affected the West German coal industry, the major coking coal exporter within the European Community.

The Price of Oil

Moreover, as the past decade has shown, the pace of investment in coal is to some extent dictated by the price of oil which in turn is influenced by upheavals such as the Gulf War and the vagaries and internal politicking of OPEC (Organization of Petroleum Exporting Countries).

Nevertheless, Karlheinz Bund, chief executive of Ruhrkohle and president of the industry's association, is confident that the proposed large investments — DM3 billion last year — will be maintained at least at their present levels for several years.

Mr. Bund forecasts imports of 40 million to 50 million tons of coal a year before the end of the century, for conversion purposes as well as power-station fuel. (An extra 13,000 megawatts of coal-based capacity is required by the electricity industry.)

The Polish crisis trimmed world trade back to around 200 million tons last year and showed that oil is not the only resource to react sensitively to political events.

It was certainly a reminder to those hoping for a fast expansion in the world's coal trade, for the major exporters also include South Africa which wishes to achieve self-sufficiency in fuels, particularly coal.

Such facilities are costly and Dr. Bund's idea of joint projects along the lines of Ruhrkohle's participation in an Australian mining

project will have to wait for economic upswing — or a third "oil shock" — to provide large-scale political or private support.

German know-how in coal refining and conversion is being put to beneficial use in a number of international arrangements.

In Australia, Rheinbraun — the soft-coal subsidiary of Rheinisch-Westfälische Elektrizitätswerk AG (RWE), West Germany's largest public utility — is involved in a feasibility study sponsored by the Victoria State Government, for coal site soft-coal liquefaction.

In the United States, too, on-site coal gasification has attracted the

'Greater use of coal reduces the country's dependence on imported oil and the plans are to increase output from last year's 88 million tons to 100 million tons by the end of the century.'

attention of several West German energy companies, including Ruhrkohle, gas, and earlier this year Krupp-Koppers, a subsidiary of the steel-and-engineering Salzgitter group, within a large coal-refining complex being built in Pennsylvania. (The same Koppers-Totzek gasification process is incorporated in contracts made earlier by the company in Poland and Brazil.)

Lurgi, the country's other major operator for coal technology, is involved in several major foreign contracts, most notably the Sasol complex in South Africa.

Its aim is to meet about half the country's motor fuel needs from domestic coal resources in addition to producing chemical feedstock, iron reduction gas and other products.

Long-term projects still in the experimental or demonstration stage have a big risk attached to them, and federal or state authorities often have to provide impetus as well as means.

For the development of new technologies is in the nation's long-term interest, and while it is acknowledged that the application of such technologies will be mainly on sites where large, low-cost coal deposits are readily available, testing them in West Germany would help in exporting both know-how and engineering hardware.

Ultimately business as well as the balance of payments would benefit.

—A.H.

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...thermal insulation in homes, offices, schools and factories is encouraged by government assistance. A four-year program for thermal energy saving, about 90 percent of it for insulation at a cost to the government of 4.35 billion Deutsche marks, will run out at the end next year, by which time some DM20 billion will have been spent on thermal savings.

...on of oil and gas is more percent. ... heating — about 40 of the total primary energy ... fuel oil alone has a well over 60 percent. ... insulation in homes, offices and factories is ... by government assistance. ... energy saving, about 90 of it for insulation at a the government of 4.35 billion Deutsche marks, will run out end next year, by which me DM20 billion will have ent on thermal savings. ... heating, heat pumps ... installations as well as distribution of coal for oil are the equipment and devices ... to reduce the share of oil; ... of oil imports, in ... market. (It is generally ed that in the foreseeable fuil and gas are likely to con- provide the main chemical ock and gasoline the auto- and aviation fuel. But even ese areas price, availability

KFURT — Well over 70 percent of total primary energy in Germany is being used for heating or heat for manufacturing processes. Consequently, this area that the greatest oil and gas may be made: them, they provide more than three-quarters of all heat, par-space heating, where the

and political events may accelerate alternative solutions). West Germany's manufacturing industry — which consumes about one-third of primary energy — has, under the pressure of soaring energy costs and declining profitability, already made big strides in savings and conservation. The biggest savings have been achieved by the

chemical industry, a major user of fuel for feedstock, industrial processes and factory heating. According to an estimate by the Federal Statistical Bureau, the industry is using only one-third of the energy it required 30 years ago for the same output. At the other end of the scale, the steel industry has achieved much smaller reductions, although an estimate by the industry itself claims that in the past 20 years energy consumption per ton of rolled steel has been reduced by almost a third and the amount of coke required to produce a ton of iron by 38 percent.

Continuous casting, first developed in West Germany, is now accounting for about half the total output of rolled steel. It reduces the iron ore requirements of crude steel by 15 percent and consequently uses less energy. The steel industry as a whole has reduced its dependence on oil within its total energy consumption from 17 percent in 1972 to 5 percent today; its consumption of fuel oil, largely for blast-furnace

firing declined from 4.4 million tons in 1973 to under 1.5 million tons last year.

New plants built by Thyssen, Krupp and Kloeckner, among others, are highly energy saving. The combined power-heat cycle results in utilization of waste heat from the power plant and steel-making process for space heating and manufacturing process heat inside the works and — in the case of Thyssen and Krupp — for district heating in thousands of homes nearby.

Cost Consciousness Industry's cost consciousness in energy use is paralleled, though somewhat more patchily, in homes, offices and other public buildings. However, it is in space heating — where more than two-thirds of the energy source is fuel oil — that its escalating price (an eightfold increase in ten years) has given the biggest impetus for both savings and oil substitution.

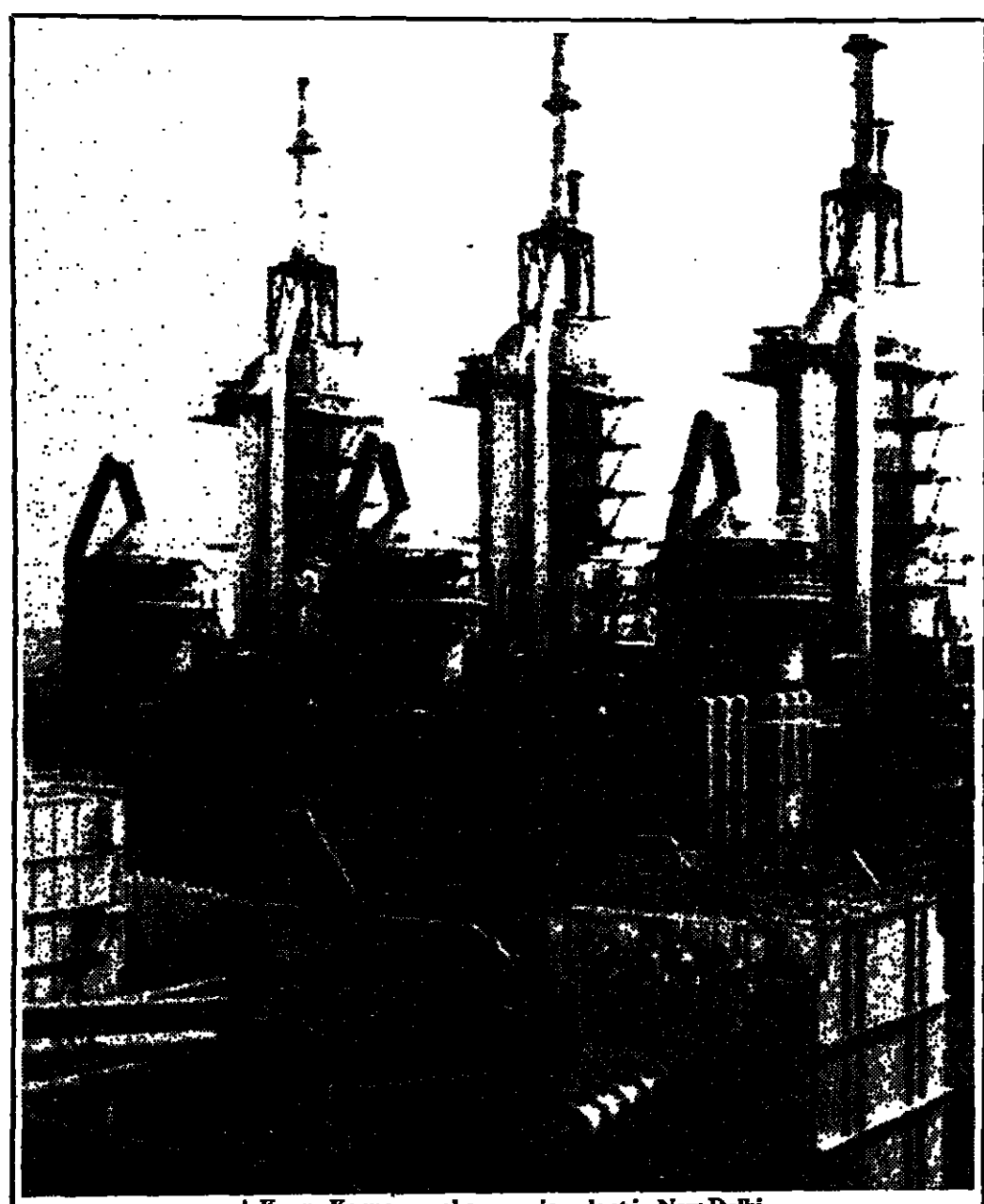
A study entitled "Waerme 2000" ("Heat 2000") published by the West German electricity industry last autumn has pointed to ways of reducing the use of oil more drastically over the next 20 years.

The study is, unsurprisingly, biased toward an increased share of electricity within the primary energy market. At the same time the argument is supported by suggestions for a variety of ways to increase the rate of power utilization, which at present averages only about one-third of the total fuel input and wastes the remaining two-thirds.

Energy-saving methods include the combined power-heat cycle, the highest possible rate to convert current into useful heat, the use of little-used energy sources (high-ash coal or dross, sun, heat pump) and district heating.

Thus the study foresees the possibility of raising the share of electricity in the home heating market (space, water, air conditioning, etc.) from a mere tenth to almost one-third by 2000 (partly by the use of heat pumps), and of district heating from 4 percent to 11 percent. At the same time, the share of oil should be reduced from over 60 percent to 20 percent of the overall home heating market.

Similar developments could take place in offices. In industry the



A Krupp-Koppers coal conversion plant in New Delhi.

share of oil might drop from over a third to less than one-sixth of total heat provided, while gas, no doubt some produced from coal or as a byproduct of industrial processes, would increase its share from a quarter to a third of the total heat required. In all, the study estimates that 90 billion additional kilowatt hours, (last year the utilities delivered just over 300 billion kilowatt hours), or about half the additional current to be provided in the

next ten years, could replace 26 million tons of crude oil and substitute a further 23 million tons, altogether about half of last year's total imports. The Dresdner Bank study puts the investment required for the estimated 3 million heat pumps alone (last year about only 25,000 pumps were estimated to have been installed) at DM35 billion. Investments in other forms of renewable energy could be as high as DM50 billion, although the latter

is not likely to provide more than 2 percent of total energy needs by 2000. District heating — which from all sources, including industry, at present supplies only 8 percent of households with heat — could increase its share to a quarter of the total, at an estimated cost of almost DM40 billion. Waste-heat utilization on a much broader scale might increase this investment to DM100 billion by 2000. —A.H.

Industry Leader Cautious On Hope for Coal Revival

ESSEN — It was only coincidence that the helm of Ruhrkohle AG, West Germany's biggest coal concern, changed hands on Nov. 28, 1973, in the wake of the Yom Kippur War and the first energy crisis. When Karlheinz Bund took over the chairmanship of Ruhrkohle's management board from Hans Helmut Kuhke, hopes for the ailing coal concern's viability took a dramatic upturn.

Assembled five years earlier by nearly a score of coal companies, with a burden of more than 50 aging pits and an unwieldy and also aging 186,000-man labor force, Ruhrkohle had been one of the federal government's major headaches and supplicants for subsidy. Today, after 7½ years and a second oil shock, a new era still has not dawned, according to Mr. Bund. "We are living in a transition period between a coal crisis and its renaissance," he says cautiously. He can recall the tremendous resurgence of interest in producing, refining, converting and otherwise squeezing the most out of coal in 1974-1975, but output still fell and investment, long-term contracts and subsidies still had to be fought for until a couple of years ago.

Then came the second oil shock in 1979, bringing West Germany's first balance-of-payments deficit in 14 years, the result partly of escalating import prices for crude oil. The cost and security of energy supplies once again became a prime matter for public concern, giving Mr. Bund his second opportunity to impress the government and the nation as a whole about the importance of making the most out of coal, the country's only major and lasting indigenous source of energy. It was in his dual role as Ruhrkohle chief and president of the West German coal mining association that he could hammer out his basic theme before an international audience at the Munich world energy conference last autumn.

It is a relatively simple theme, built on three main pillars. The first — the short-term strategy — is the stabilization and subsequent increase of domestic coal output which, because of developments in the world energy market, will "more than ever" help to meet West Germany's own require-

ments. The second — the middle and long-term strategy — aims at the country's involvement in foreign coal resources and in world trade itself to secure the imports necessary to safeguard domestic energy supplies. The third — to be carried out simultaneously with the others — calls for West Germany's participation in major coal-refining projects.

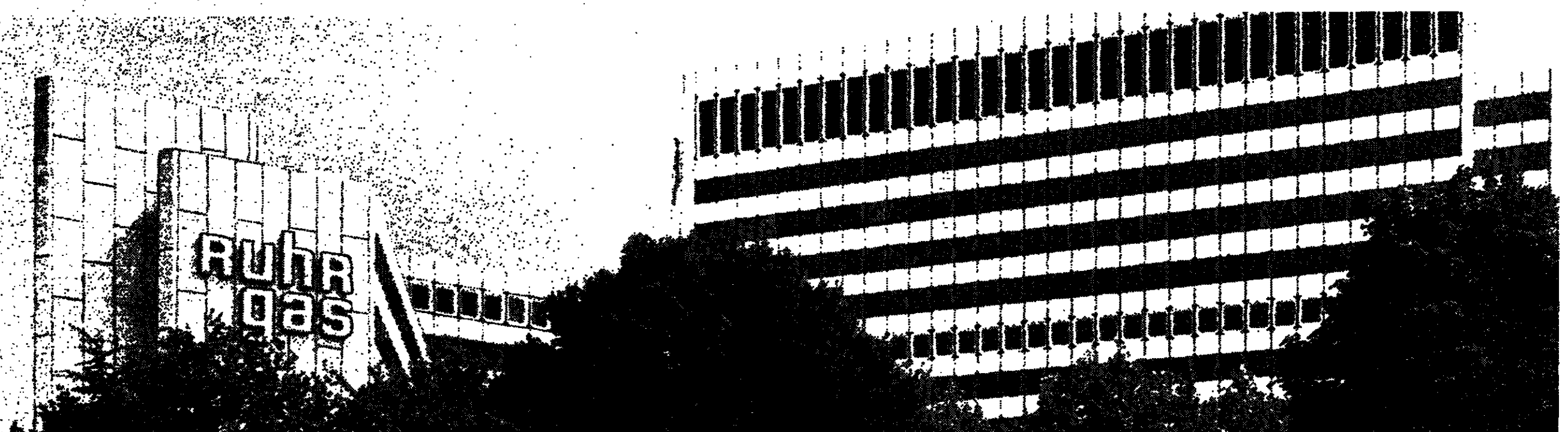
Wiry and tense, 56-year-old Karlheinz Bund rose to his present post through the electricity generating industry, first with AEG-Telefunken and later STEAG, Ruhrkohle's big public utility associate. Despite West Germany's oil-related balance-of-payments headache, which may have contributed largely to the run on the mark earlier this year, Mr. Bund will face formidable obstacles.

For a start, Ruhrkohle's very structure is a damper on ambition, especially as it involves finance. The former coal companies that share the concern's equity include all the major German steelmakers as well as the energy giant VEBA. Although they agreed to forego dividends for 20 years, a commitment which runs until 1983, the steel industry itself is in the throes of recession and 1981 is not the best time to seek large private funds for long-term investment. As Bund admits, investment in coal may bring no short-term rewards.

There remains the government, which is directly concerned with Ruhrkohle through its large holding in VEBA as well as in the steel concern Salzgitter — another big shareholder. However, the federal government itself is cutting back on public expenditure and several of the major coal gasification and liquefaction projects in which Ruhrkohle is involved are in danger of postponement. These projects include a major one in the United States in which Ruhrkohle is a partner with U.S. and Japanese companies.

The same applies to Mr. Bund's brainchild, Dekoex. (The ear-catching name is designed to parallel Deminex, the government-backed organization prospecting for oil throughout the world). Mr. Bund wants Dekoex to prospect for coal in a big way — Ruhrkohle has already tried and burned its fingers in Virginia and has an interest, through participations, in Australian and Canadian deposits. —A.H.

urt. Cen



Ruhrgas — Success in the International Gas Trade

Ruhrgas AG is one of the largest gas companies in Europe, and the largest organization of its kind in the Federal Republic of Germany, purchasing gas on the international energy market for supply to utilities as well as industrial and commercial users within West Germany.

Cooperation with its European partners characterizes Ruhrgas operations at international level. Ruhrgas and its partners conclude long-term contracts with exporters both inside and outside Europe, construct and operate international transmission systems linking almost all countries on the continent and supply natural gas to a huge market which represents approx. 75% of total energy and natural gas consumption and some 90% of G.N.P. in Western Europe.

Ruhrgas also devotes considerable time and energy to the advancement of natural gas technology and is particularly involved in energy conservation projects such as the development of a gas-fueled heat pump.

Backed by its sound financial position, Ruhrgas dedicates its commercial and technical resources and skills to the security of energy supplies in the Federal Republic of Germany.



Ruhrgas-highlights 1979

gas sendout	408 billion kWh
sales	6,000 million DM
net income for the year	133 million DM
property, plant and equipment	2,642 million DM
reserve for depreciation of property, plant and equipment	1,470 million DM
shareholders' equity	921 million DM
total assets	4,268 million DM
capital expenditures of Ruhrgas AG and affiliated companies	620 million DM
length of pipeline system	5,661 km
number of employees	2,885

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Engineering: Key Export Industry Is Faced by Challenges, Competition

BONN — West Germany's major export branch is having problems. The engineering industry expects production to fall this year due to the poor outlook for the domestic economy.

With China reviewing its investment plans, uncertain prospects for trade in the Eastern bloc and parts of the Middle East, and increasing Japanese competition, 1981 is unlikely to be a great year in the industry.

The threat from Japan is the greatest worry since competition with Japanese firms sharpened on international markets around the end of the 1970s. Although the industry views the situation as a challenge rather than a threat, restructuring and greater flexibility in approaching export markets will be needed in the future to meet it.

The Germans were not the first to be hit by the Japanese move into European markets. Engineering industries in France and Britain have been under greater threat. German engineering exports in 1979 outnumbered the Japanese two to one, but the industry does not expect this ratio in the 1980 totals.

Mechanical Engineering Is Next

SMS Schloemann-Siemag AG chief Heinrich Weiss, acknowledging that West European manufacturers face aggressive competition from the Japanese, warned that the mechanical engineering sector is probably the next branch that they will attempt to dominate following

'Between January and September of 1980 West Germany exported engineering sector products worth DM621 million to Japan, down from DM679 million in the comparable period in 1979. Japan, on the other hand, boosted its exports to Germany by over 28 percent to DM852 million.'

their successes with automobiles and electronics.

Japan's technology is recognized as matching the best in Europe in this field and its exporters had a distinct price advantage from the cheap yen exchange rate until the recent weakness of the Deutsche mark began to redress the balance for the Germans. The computer-controlled-machinery sector and office technology are areas where Japan already has a clear lead, while developments in metals production also are reckoned to have outpaced West Germany.

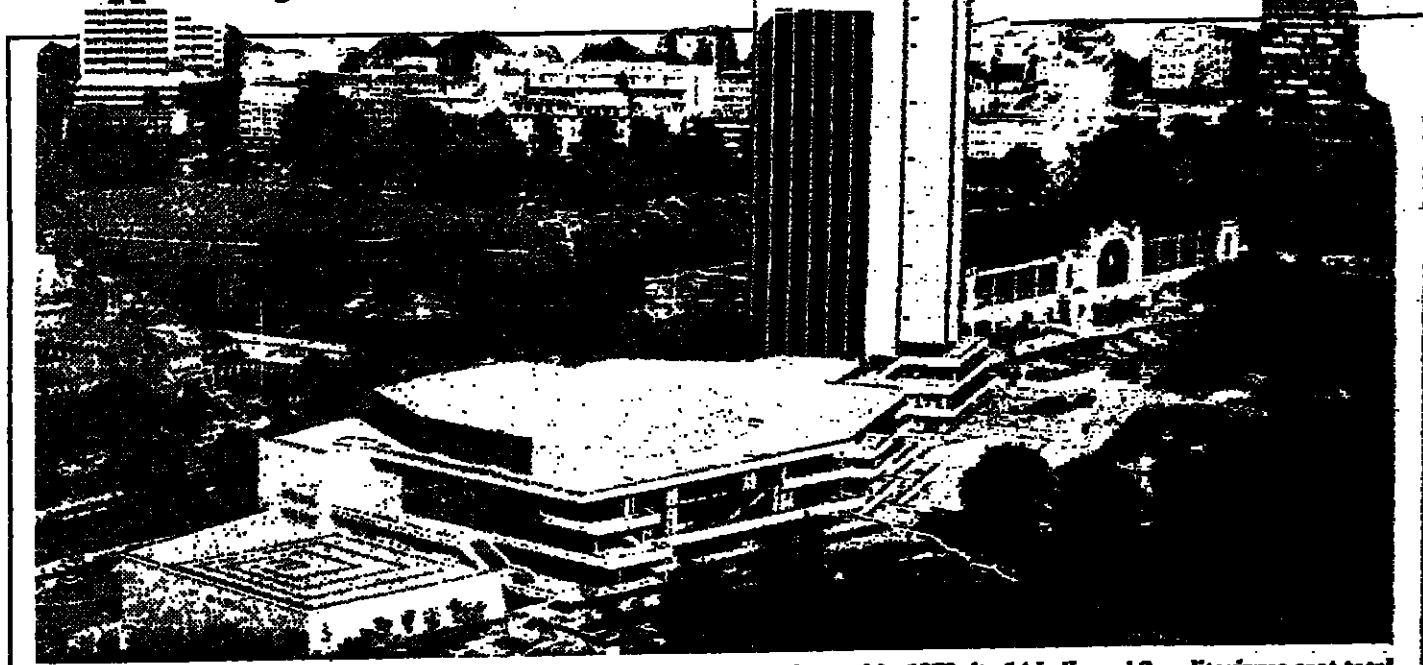
With energetic and flexible sales strategies conducted by the large trading houses rather than the production companies themselves, the Japanese have scored considerable successes. In the machine and tool industry, for example, Japan has managed to push its major competitor, West Germany, into second place in most European mar-

kets. Japanese exports of machinery to Europe have concentrated so far chiefly on specific narrow sectors, and Japan has only a small share of machinery exports to Europe. It is clear that Japan has consciously neglected this area.

West German engineering industry exports also are rising. Estimates for 1980 levels put exports up 12 percent from 1979 to a total around DM62 billion. But on the gloomy side, imports climbed 16 percent and the export-import relationship between Japan and West Germany is deteriorating seriously, the industry has said.

Changing Balance

Between January and September of 1980 West Germany exported engineering sector products worth DM621 million to Japan, down from DM679 million in the comparable period in 1979. Japan, on the other hand, boosted its exports



HAMBURG CENTER — The Congress Center in central Hamburg is one of Europe's most modern convention centers.

to Germany by over 28 percent to DM852 million.

Overall production in West Germany's engineering industry is now expected to fall by at least four percent this year in view of the weak domestic economic situation, but much depends on the results of the current wage round. This compares with an estimated

production rise of five percent in 1980.

The wage round also will be a major factor determining investment levels this year. But whatever the results of the negotiations, investment is generally expected to fall after a nominal five percent rise in 1980. Spending plans in the investment-intensive engineering industry are known to be suffering

from the Bundesbank's high interest rate policies.

The latest industry association figures show sales from January to October last year rose nine percent overall. This included a domestic turnover rise of six percent and a rise in foreign sales of 11 percent. Total incoming orders increased three percent from the same period in 1979, with foreign orders climbing seven percent while domestic orders fell to two percent.

However, in November the picture became gloomier for the industry. The incoming order index dropped 12 percent from October, adjusted for inflation, and turnover fell 10 percent. Domestic orders slumped 17 percent and foreign orders by eight percent while domestic sales weakened five percent and sales abroad dropped 15 percent.

The order index has been weak-

ening steadily for some months and the decline in foreign orders is of particular note for an industry of such importance for West Germany's balance of payments. At the moment, few in the industry see much sign of improvement.

But clearly optimism regarding the outlook has not faded in all areas. Kloeckner-Werke AG, for example, said in December it plans strong expansion of its engineering interests in the next two years. The company will raise sales in this branch to DM2 billion — from DM1.2 billion in the 12 months ended Sept. 30 last year.

In fact, despite the imponderables which overshadow the industry's results this year, the longer-term outlook need not be viewed too pessimistically. The negative elements include more cautious Chinese expansion plans, the East-

ern bloc's concern with balance of payments since the effects on sales of the war.

Poland Will Influence

These are the problems hampering immediate or short-term export order. The industry already has a drop in its interests in about 25 percent of the price-revolution level and it is watching events in Poland influence the East's sales. Oil price rises will continue to burden, particularly the market of non-oil-producing developed countries.

The latter element will tally over the next few years further massive investment in industrial countries as they aim to cut dependent imports and save one achieve this, it is expected large amounts of modernized machinery and plant required and here the West's engineering industry

chance. But commentators have that the industry cannot traditional strengths of a national ability, flexibility or liability of its products. Intensive market research, recognition of the structural demands of its export market greater efforts in marketing needed. Suggestions by major managers that entrench the previous drive to expanding in parts of Germany in general will need to be wrong.

Greater cooperation will emerge within the engineering industry in order to support port effort, some analysts believe. However, if the branch to adapt, they say, its change growth this decade will appear. But the industry's position — particularly in port markets — to meet the challenge.

VEBA

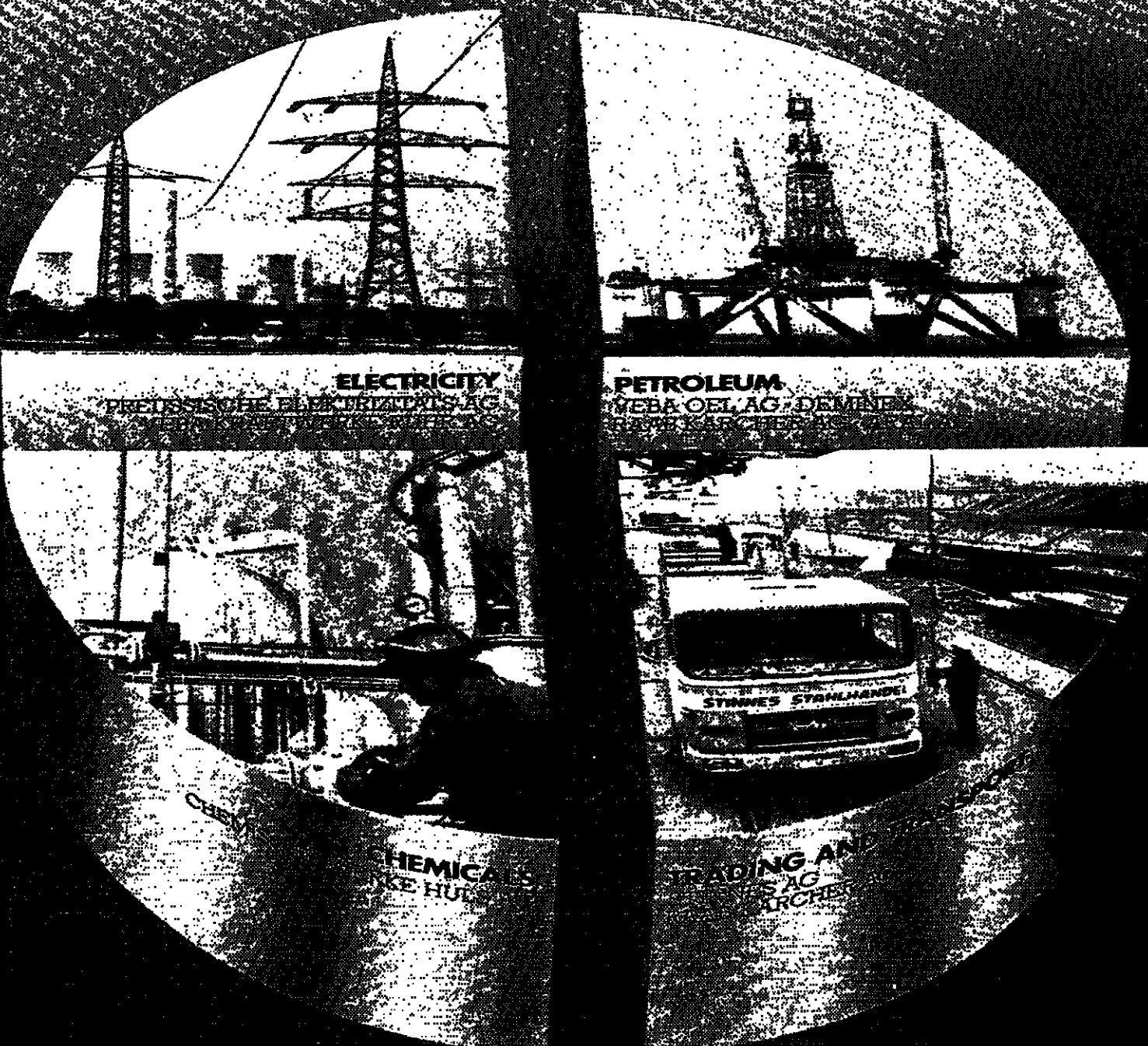
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The corporate backbone is electricity, providing power to millions of households and numerous

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Handwritten Arabic text: "مركزنا من الامم"

Microelectronics: 2 Companies Advance in Computer Market

MUNICH — "Microelectronics is becoming a key technology," Siemens' latest annual report declares. "The sensible application of semiconductors to new products and to manufacturing increasingly determines competitive ability in the market place."

The West German electrical and electronic concern and its smaller West German rival Nixdorf have come a long way to challenge the supremacy of IBM in the domestic computer market.

In 1965, IBM was believed to have installed 72 percent of all data-processing systems in West Germany, with Siemens' market share as low as five percent.

Estimates on the current position vary, but there can be no doubt that local rivals have made considerable inroads into IBM's domination of the market. For example, Diebold Management Report, which puts the total value of computer installations in West Germany at the beginning of 1980 at almost DM40 billion, estimates IBM's share as 38.2 percent (down 3 percent from the previous year), followed by Siemens' 17.3 percent (up 1 percent) and Nixdorf's 7.25 percent (up 0.2 percent). Honeywell Bull, now largely French-owned, had a market share of more than 5 percent (aside from the big three).

Defining a Computer

The definition of a computer is fairly vague. Siemens' own estimate refers only to "medium to large" computers, claiming for the group a share of 21 percent in the domestic market in 1979, compared with IBM's 61 percent.

The total value of installations is put by the concern at only DM24 billion, considerably less than the Diebold estimate. Obviously the latter includes the smaller business systems, including terminals that represent a large part of the business won by Nixdorf, the Volkswagenwerk subsidiary Triumph-Adler (8th in the Diebold list) or AEG Telefunken, which is 10th.

Microelectronics has certainly contributed to the reshaping of the world's computer market, including West Germany's, making computer use much cheaper and therefore more widespread.

Klaus Luft, deputy chief executive of Nixdorf, has predicted that as a result of advances in semiconductor technology, systems performance — capacity and speed — would improve five- to ten-fold in less than three years and still be available at the same cost.

Mr. Luft reckons, for example, that bubble memories in 1985 will cost one-tenth of the 1980 price and that by 1984 the number of transistor functions per integrated circuit will double from 100,000 to 200,000 — again costing no more.

The electrical industry association's (ZVEI) own statistics bear witness to price and performance changes in data processing that stand in dramatic contrast to the inflationary trends in almost every other branch of industry.

They indicate that while last year's value of sales in data-processing equipment rose by 10 percent over 1979, individual prices fell by four percent and — again in stark contrast to other industries — the total labor force rose by 10,000.

Moreover, the level of orders at the beginning of this year was only at last year's level, which, apart from a statistical quirk, disguises a further hefty decline in prices and a simultaneous rise in the volume of orders.

Computer Deliveries

Siemens, which doubled the value of its computer deliveries between 1973 and 1980, has been strengthening its technological base by an exchange of know-how and products with Fujitsu of Japan (which last year overtook IBM in the supply of systems in the Japanese home market) and Intel of the United States as well as the recent purchase of a string of smaller U.S. companies in the microelectronics, communications and medical electronics sectors.

Its 1980 annual report, published earlier this year, records the doubling of investment in the U.S. last year to DM269 million from DM132 million in the previous year and the tripling of investment in participations (DM293 million from DM60m).

According to forecasts, the computer market will show an increasing preponderance of smaller and cheaper systems.

One such forecast, by Strategic Business Services,

'The market for small business computers growing even faster than the large-scale data-processing market. Terminals alone show increase from 800,000 in 1979 to almost 2 million by 1985. ... age of the computer only begun.'

Inc. of San Jose, California, estimates that the number of microcomputers will triple — from 30,000 units to 100,000 — between 1980 and 1985. Their value, in spite of the decline in the individual units, should double to just over \$1 billion on the same period, representing 75 percent of business computers sold and 45 percent of all computers sold.

33,000 Microcomputers

Last year alone, the Californian consultant 33,000 microcomputers were installed in West Germany, comprising almost two-thirds of all computers sold.

The report reckons that of the 126,000 computers functioning in West Germany, only 4,000 are units, the rest mini- or micro-computers.

Of all the new systems installed last year (valued at \$450 million), West German companies secure 46 percent of the share, with European companies claiming 41 percent and Japanese a mere one percent.

The gap should widen by 1985, with West Germany capturing fully half the systems market estimated at just over \$1 billion, leaving the U.S. with 40 percent, the Europeans with 7 percent and the Japanese improving slightly to 3 percent.

This forecast should gladden the hearts of the German computer manufacturers, particularly Nixdorf, which in 1979 claimed a 35-percent share in the market for smaller business systems (DM250,000 per unit).

The scope for opportunities in the small-market may be gauged from a study recently carried out by Focus Research Systems, a Connecticut consultant.

Admittedly based on small businesses in the States, the report shows that more than 81 percent of the businesses consulted had no such systems installed. If one considers that the United States is the use of data processing systems, the figure should apply with even greater force to West Germany.

The message is underlined by the slackening economic growth and tightening competition that forces West German industry to search for improved efficiency.

One important aid in the search is the cost from complex multipurpose units to office use, process control and testing and measuring means.

According to Siemens, "The market for small business computers is growing even faster than the large-scale data-processing market." Terminals alone, concern estimates, should increase from 800,000 in 1979 to almost 2 million by 1985.

The age of the computer has only begun.



The Asia Link: Looking To Pacific Basin Trade

By Barry Dale

FRANKFURT — The Pacific is an area of the world that could live up to its name in troubled times, according to West German banker Hans-Otto Thierbach, who should know.

Mr. Thierbach is chairman of the supervisory board of the Hamburg-based European Asian Bank and a former member of the board of West Germany's largest finance house, Deutsche Bank AG.

At Deutsche Bank's headquarters in Frankfurt, Mr. Thierbach said: "The Pacific should remain an ocean of peace. I feel I can always sleep easy there."

Fertile Ground for Europe

The Pacific Basin seems one of the least likely areas for a holocaust even if the United States and Soviet Union remain at loggerheads and the Middle East powder keg is not defused. Europe seems much more in danger.

And this part of the world

The advantages for Europeans in building up contacts in this area are evident, and a leading German banker believes that multinational companies may decide to 'invade' in force.

should be of special interest to West Germany and the rest of Europe. Mr. Thierbach said, since there is every indication that countries in this part of Asia are chary of becoming too dependent on the United States and Japan.

Mr. Thierbach believes West Germany was relatively late in discovering the potential of the Pacific Basin. Latin America was far more the stamping ground of enterprising Germans. Some trading firms in Hamburg were in on the China trade at an early stage, but they were the exception rather than the rule.

West Germany has now built up its trade to a position among the main suppliers to many countries in Southeast Asia. Mr. Thierbach said.

West Germany has undeniably taken a cold shower lately where China is concerned, but Mr. Thierbach says this was inevitable. He had warned from the start about excessive "China euphoria" as reports of potential contracts worth billions of marks came in. Three years ago he said that the Chinese simply could not take out the massive credits needed to finance deals.

Mr. Thierbach feels there must be a ceiling of \$20 billion on Chinese credits. The growth of trade with the People's Republic must progress at a steady and sedate pace, he said.

Less Hustle in China

"There is no real pressure either from within or without for the Chinese to build up their military or industrial capacity," Mr. Thierbach said. He sees little likelihood of a serious attack being launched against China, because of its size, while the population remains sheltered for the most part from outside influence and is not hustling for a rapid improvement in its standard of living — unlike many European Communist states.

Geographically, Japan is the logical industrialized trading partner for expanding ASEAN (Association of Southeast Asian Nations) countries, Mr. Thierbach said. But the calculation is not that simple in days when it costs more to transport a Volkswagen to Rome (by

rail) than to Shanghai (by sea). Nor do the Japanese need to concentrate on their immediate neighbors, for the same reason.

They can ship their products cheaply to Europe and America in vessels built at their own yards. However, the Japanese would be among the first to welcome an improvement in living standards in southeast Asia to create a relatively rich market on their own doorstep.

There is every sign, Mr. Thierbach said, that the Japanese are moving toward more sophisticated products. ASEAN countries can supply the steel for many of these manufactures, and can do so cheaply. The advantages for Europeans in building up and maintaining contacts in this area are evident, and Mr. Thierbach believes multinational companies may decide to move into the area in force.

Turning to South Korea, Mr. Thierbach said he has every confi-

dence that the country will overcome its difficulties. Economically speaking it has an invaluable asset in a labor force that likes to work. Politically he believes North Korea has no interest in attacking and destroying the South. And financially South Korea is, in the German banker's opinion, a very fair credit partner.

Many countries in the Pacific area can be regarded as having a AAA credit rating, Mr. Thierbach feels. Malaysia is one of the world's few countries able to boast a balance of payments surplus, he said. Hong Kong, Singapore, Australia and Indonesia are highly respected, and India is able to raise loans at a mere one-half percent over interbank offered rates. The Philippines is aware of its problems, he said. The IMF sets tough rules, and the Philippines sticks to them.

Australia is a natural inclusion in this part of the world, despite its obvious linguistic and historical links with the West. Mr. Thierbach feels it is in an outstanding position as a "European platform in

The Growing Economies of the Pacific Area

Real GNP Increases in 1980

Southeast Asia (overall)	+5%
Indonesia	+7%
Malaysia	+8%
Pakistan	+6%
Philippines	+4.7%
Korea	-5.7%
Sri Lanka	+5.5%
Australia	+2.5% to 3%
New Zealand	+1%
Hong Kong	+10% to 11%

the Pacific Basin." It does not have the advantage of a cheap labor force, but the country is rich in minerals.

Asked if the geography of the Pacific area, with its many widely scattered islands, is a drawback, Mr. Thierbach said it can in fact be a boon to trade, since maritime transport works out much cheaper

than land and air carriage. "These countries do not need to build miles of motorway and railroad. They have the sea, and that requires no upkeep," he said. One small disadvantage is that such areas can at times be hard to govern, as seen from the secessionist movement in Vanuatu, but the Pacific is a factor linking

rather than separating nations, Mr. Thierbach feels.

The investment potential of the Pacific Basin is great. Growth of investment in it should be faster than other parts of the world, he said in his prognosis next 20 years.

The area also has oil and gas reserves, which amount to currency reserves. Large firms can be expected to invest in the area.

While all Third World countries can be expected to remain importers for at least a few years (as was the United States in the 1920s) the Pacific should achieve self-sufficiency quicker than other less-developed countries, he said.

A study Deutsche Bank this area more than three years ago, quoted John M. Hay, secretary of state, who said the Mediterranean was the present and the Pacific the future.

Selected economic indicators for developing Asia

	Hong Kong	India	Indonesia	Korea	Malaysia	Pakistan	Philippines	Singapore	Sri Lanka	Thailand
Economic growth rate (real)										
1978	10 %	7.2%*	7.2%	11.6%	7.4%	7.0%**	6.5%	8.6%	8.2%	8.7%
1979	12 %	4-4.5%*	6-7%	7.1%	8.1%	5.9%**	5.8%	8.5%	5.8%	6.5%
Increase in exports										
1978	16.3%	5.0%*	7.3%	26.5%	13.9%	13.3%**	7 %	14.4%	3 %	17 %
1979	37.4%	5.3%*	35 %	18.5%	23 %	33.6%**	32 %	34.7%	15 %	29 %
Inflation rate										
1978	6 %	7.8%*	6.7%	14.4%	4.9%	6.9%**	7.6%	4.8%	12.1%	7.9%
1979	11 %	2.2%*	22 %	21.2%	5 %	8.3%**	18.8%	4 %	13 %	14 %
Total reserves minus gold (US\$ millions)										
Dec. 1978	n.a.	6,426	2,626	2,764	3,243	408	1,763	5,303***	398	2,010
Sept. 1979	n.a.	7,328 (June)	3,291	2,795	3,964	159	1,996	5,812*** (Aug.)	459	2,113

* Data refer to financial year ending March
 ** Data refer to financial year ending June
 *** Data include gold holdings

Sources: Official statistics and estimates

European Asian Bank AG

The bank was founded in 1972 with basic capital of 26 million Deutsche marks and total assets of DM240 million.

Today these assets have swelled to DM2.85 billion, and the current capital of DM126 million is held equally by seven international finance houses: Deutsche Bank AG of Germany, Amsterdam-Rotterdam Bank NV of Holland, Creditanstalt Bankverein Vienna, Midland Bank Ltd London, Societe Generale Paris, Banca Commerciale Italiana Milan and Societe Generale de Banque SA Brussels.

Credit volume has soared from DM132 million in the first year to 2.02 billion in 1979, and interest and commission earnings have risen more or less constantly. The bank paid its first dividend at 10 percent in 1975 and has maintained pay-

ment at that level. The number of staff practically doubled in the first eight years of operation from 377 to 765.

The bank is very cost-conscious, according to Supervisory Board chairman Hans-Otto Thierbach, and profits rose more than 45 percent last year. Mr. Thierbach said the initial business volume of between DM200 million and DM300 million has risen to nearly five billion at present.

The bank has 11 branch offices in southeast Asia, with Bombay and Colombo opened in 1980. It concentrates on short- to medium-term trade financing, and Mr. Thierbach describes the bank's activities as a complete "success story". Projects on the stocks include a branch in Tokyo, and possibly a move into California.

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East-West Trade: A Warning Against Using It as Tool for Political Ends

— "I have always stood against overestimation of trade with the political lever," Otto Amerongen said.

He was head of Otto Wolff, a family-owned steel, machinery and trading company with 30,000 employees, president of the West German Chamber of Industry and Commerce.

Wolff ought to know what he is talking about. For more than a century he has been Bonn's "secret minister" for trade, a title given to him in 1955 when he was named head of the embryonic East German Economic Commission, a non-governmental group and empowered to act in Communist countries with which West Germany had no formal ties at the time.

Wolff was one of the architects of trade with the Soviet Union after World War II, a role less passed on to him by his son, Otto Wolff Sr., whose name has been virtually synonymous with the industrialization of the Soviet Union and the East since the 1920s.

By Mr. Wolff reiterated "East-West trade," he is not to be viewed as a light switch to be turned on or off in accordance with the international climate. History has taught us that boycotts and embargoes accomplish virtually nothing in the pursuit of diplomatic and political objectives.

Wolff's position is certainly not new, but there is a new urgency in his warnings these days — a new concern over the generation in East-West trade that has been accompanied by mounting pressure, especially in Washington, to exercise restraint and to impose a variety of controls on the Soviet bloc.

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'East-West trade cannot be viewed as a light switch to be turned on or off in accordance with the international political climate. History has taught us that boycotts and embargoes accomplish virtually nothing in the pursuit of diplomatic and political objectives.'

— Otto Wolff von Amerongen

reached new heights with the Polish crisis that began last summer.

Much of the pressure has been indirect and subtle, coming less in the form of restrictions by "Comcon" (the Paris-based NATO Coordinating Committee on Export Controls), than as innocuous and veiled diplomatic hints. But it has added perceptibly to the uneasiness over trade with the East, in particular because that trade has been in the doldrums for the past three years due to the bloc's spiraling indebtedness, stagnating economies, import restrictions and continuing insistence on unprofitable compensation, counter-purchase, buy-back and barter deals.

The bonanza of East-West trade has been over for some time. What worries West German business now is that it will be further cramped by political developments.

At that, West Germany still has the lion's share of it. It remains the largest single Western trading

partner of all Eastern European countries and the Soviet Union. Last year it accounted for 25 percent of the Comecon area's total trade with the West.

Whereas Soviet foreign trade — largely in the form of energy and raw materials exports — increased by 18 percent during the first nine months of 1980, trade with West Germany rose by 32 percent.

Two-way West German trade with all Communist countries, including Yugoslavia, China and East Germany (with which trade is categorized as "intra-German"), amounted to almost DM55 billion last year. It is a staggering figure. More than any other industrialized country, West Germany acts as supplier of sophisticated machinery, turn-key factories, computers and electronic gadgetry, modern steel and chemical plants to the Communist world. In exchange it gets oil, natural gas, and a variety of raw materials. From the

U.S.S.R., for example, West Germany receives 43 percent of its palladium, 38 percent of its enriched uranium, 27 percent of its molybdenum, 23 percent of its ferrochrome and 17 percent of its phosphate.

Geography Is a Key

History, tradition and geography have much to do with it. Russia and the lands of Eastern Europe have been a chief market for the Germans for centuries, notwithstanding changes of rulers, revolutions, ideological differences and an occasional war.

As early as 1853, for example, the Siemens Corp. began building the Imperial Russian Telegraph Line from St. Petersburg to Odessa. By 1855 Siemens had a sprawling branch plant with several hundred employees in Russia.

Otto Wolff Sr., known among those who remember him in Cologne as "Old Ironsides," scandalized his business cronies by dealing with the Bolsheviks as far back as 1920 when he founded a German-Russian trading company that had branches in Petrograd, Kharkov, Rostov, Kiev and Odessa.

In 1938, the last year of peace before the start of World War II, German trade with the Soviet Union and the countries that now constitute the Communist bloc accounted for 18 percent of the Third Reich's total.

Although no longer as high, the proportion remains substantial — about 9 percent if one includes China and Yugoslavia, 6 percent when limited to Comecon. For some branches of industry it is not only substantially more, but crucial.

Heavy Trade Total

Fried. Krupp G.m.b.H. of Essen, for example, makes no secret of the fact that sales to the East account for 30 percent of its business in heavy engineering, industrial installations and turn-key factories such as chemical, steel and coal gasification plants.

Trade with Comecon represents 16 percent of the total turnover — domestic and foreign — in the machine-tool industry and 19 percent in the heavy engineering field. In

1979 the West German engineering industry exported DM2.7 billion worth of goods to the Soviet Union alone, and preliminary estimates were that in 1980 sales to the U.S.S.R. in that sector rose by 20 percent.

Machinery, electrotechnical products, optical goods, vehicles and ships make up 42 percent of West German exports to the Soviet Union.

To be sure, in recent years there have been numerous dampeners on this trade and it has been hit by imponderables. Not the least of these has been the Communist world's rising indebtedness and the fact that West German banks as well as the Bonn government are among the major creditors.

Of Poland's estimated \$24-billion debt at the end of 1980, 17 percent was owed to the West German government and West German banks. In fact, West Germany's total share of the estimated \$70 billion-Comecon debt is judged to be around \$18 billion.

Imbalance with the East

Thus in 1980, exports to the Comecon countries, excluding East Germany, rose by only 3 percent whereas West German imports from those countries increased by 8.5 percent. Both figures were well below the overall increase in West German imports and exports.

The only exception to the trend was in trade with the Soviet Union itself, where Bonn's exports rose by 20 percent while imports from the U.S.S.R. did not increase at all.

Trade with East Germany, with an exception, with West German exports to the G.D.R. increasing 15.4 percent to DM5.8 billion and G.D.R. exports to West Germany going up by a starting 22.2 percent to the same figure, DM5.8 billion. It was the first time in many years that trade between the two was in balance.

Another inhibiting factor, at least during the past year, has been the worsening political climate. Bonn's government was the one that objected most strenuously when the Carter administration sought to expand the Comcon list of potentially strategic goods and technology a year ago, and it prob-

ably will dig in its heels even more if the Reagan administration attempts to stifle trade with the East.

The likelihood of sanctions in the event of Soviet intervention in Poland was heatedly discussed in West Germany at the beginning of the year. Erwin Schlosser, executive secretary of the Machine Tool Manufacturers' Association in Frankfurt, expressed doubts that it would be possible to get all Western countries to pull together, saying that even if they did the effect of an embargo would still be negligible. "We know what happens in the field of arms exports," he said.

Otto Wolff cautioned that the Soviet Union is potentially self-sufficient and is not going to allow economic considerations to influence its political decisions.

On the other hand, most West German industrialists admit that the Soviet Union and other East European countries depend to a great degree on the import of high quality technological products from the West — much more so than a superficial look at the overall trade figures indicates.

Consider the example of Deutsche Babcock A.G. of Oberhausen, which supplies equipment used in the construction of power stations, especially nuclear plants. Without its installations, or similar products from other countries, the Soviet Union's atomic energy program would be in considerable difficulty.

Necessities for the East

One company specializing in production of engines that are produced under license in the Soviet Union and Czechoslovakia maintains that production would grind to a halt without the special alloys and gaskets the company supplies.

The plastics plants which Western firms have installed in the Soviet Union and Eastern Europe would virtually have to stop production if the West were to cut off supplies of softeners. Agriculture in Eastern Europe would be in far worse straits without the insecticides provided by West Germany and other Western countries.

Yet, dependency works both ways and puts into focus the most controversial deal presently being negotiated.

This is the pipes-for-gas project which, at \$10 billion, would also be the biggest ever negotiated with the Soviet Union. Though France, Belgium, Holland, Italy, Australia and possibly even Switzerland also would be beneficiaries, West Germany would be getting the lion's share of the natural gas from Yamal peninsula in Western Siberia, and West German firms — notably Mannesmann and AEG-Telefunken — would have the major part in constructing the pipeline for the gas.

Some 30 West German banks, led by Deutsche Bank, the consortium manager, are being asked to provide approximately half the financing — DM10 billion.

The deal has been discussed for nearly a year and Mannesmann A.G. has already submitted a project study. In all likelihood an agreement will be signed some time this summer, though the project has been beset by numerous problems — financial and political.

Payment in Natural Gas

In essence, it calls for construction of a 5,500-kilometer-long pipeline to Western Europe for which the Soviets would pay with 40 billion cubic meters of natural gas annually starting in 1985 or 1986. Mannesmann, which provided 2.4 million tons of large-diameter pipes for gas and oil pipelines in 1970 and 1972, would supply the hardware.

AEG-Telefunken and Salzgitter AG would head the consortium for construction of the approximately 40 compressor stations. West Germany would receive approximately 12 billion of the 40 billion cubic meters of gas each year.

Until last January the negotiations had been bogged down primarily by commercial and financial problems. The Soviets want to charge the highest possible rate for the gas while paying the lowest possible price for the pipes. Currently they are demanding credits for the project at below-market-level interest.

But then politics entered the situation. In the form of Reagan administration efforts to block the deal on grounds that it would

make West Germany dangerously dependent on Soviet natural gas.

That argument has been taken up in West Germany, too, which already obtains 17 percent of its natural gas and five percent of its imported energy supplies from the U.S.S.R. The project would raise West German dependency on Soviet gas to almost 30 percent.

This, according to Klaus Liesen, general manager of Ruhrgas A.G., the consortium member that would be importing the gas, is nowhere near to being a "critical mass." Most of the users, he says, are not private individuals heating and cooking with gas but industrial customers equipped to switch to oil or coal immediately if Soviet deliveries were cut off for political reasons or, as happened last winter, because of technical difficulties and a higher demand for gas in the U.S.S.R. itself.

Mr. Liesen has been seconded by Economics Minister Otto Lambsdorff, who recently denied that Bonn has come under pressure from Washington because of the deal.

Those who favor the project argue that the Soviet Union also is dependent on it. Moscow's own energy program, they argue, would stagnate without the West German equipment and technology, and the gas with which it intends to pay for the pipeline is only part of the tappable energy in Siberia. Moreover, the Soviet Union will want to keep deliveries because of the hard currency they will earn.

Guenter Mausbach of Mannesmann AG's managing board has estimated that some 2,500 jobs may depend on the deal, and AEG's chairman Heinz Duerr has made no secret of the fact that it is vital to his ailing company and would stave off the threatened shutdown of the firm's compressor plant in Essen.

The deal probably will be concluded later this year. If anything can stop it, it would be balking by bankers who refuse to make concessions on the interest rates that would cost them millions.

Despite problems and the end of the bonanza days, West Germany's mammoth trade with Comecon is certain to continue. —J.D.

Variety of Regional Policies

— Regional policies in West Germany have a somewhat different emphasis than those of other Western democracies. The attraction of forestland and a reduction in employment are significant factors in regional change. Some areas which at present are boast of a high standard of living — even for the prosperous Republic — are being redeveloped by the state. In some, including West Berlin and North-Westphalia, a separate oron has been set up with responsibility for funding; in others, such as Saxony and Bavaria, the economics ministry retains responsibility. All must to certain ground rules at federal level; these include size of grants and loans which range from 8 percent of U.S. investment to 25 percent in Berlin, due to its isolation; are however, other forms which depend on the discretion of the state or municipal authorities and may vary according to the desirability of the investment in particular location. The state may wish to promote include loans at favorable rates from the Kreditanstalt Wiederaufbau — a federal bank administering regional and overseas aid; in charge contributions and guarantees; accelerated depreciation of newly-acquired assets for straight financial aid action areas. These are spread across the country many, according to some — involving 60 percent of Germany's land area and 30 percent of the population. They include areas with vital future labor resources — parts of Schleswig-Holstein, the Ems-Osnabreck and other areas in Westphalia, Hesse, the whole of Saarland, parts of Bavaria, and the Bodensee in the south.

The action areas cover the border regions, particularly those having a common frontier with West Germany and Czechoslovakia as well as Saarland which borders on France. They include districts with structural weaknesses, including some affected by the influx of cheap imports (textiles, leatherware) from the Far East and some East European countries and, more recently, consumer electronics such as small TV and radio sets, record players, hi-fi equipment and calculators.

Such weaknesses also are reflected in the infrastructure of action areas — in social, educational and recreational provisions and communications as well as in the generally lower income levels and higher unemployment.

Important agents of regional development are the state banks whose functions include advising the authorities on funding development and, at times, arranging the funding. The regional promotion groups which occasionally descend on foreign capitals and the more important industrial and financial centers in search of new investment, usually include top representatives from the state banks.

A problem the states, apart from the cities of Hamburg, Bremen and West Berlin, are having to face is the uneven level of development within state boundaries. Hesse, for example, has some of the most underdeveloped areas in the country by West German standards, yet it also includes the international financial and communications center of Frankfurt. So for Karlsruhe Zahn, manager of the Landesentwicklungsgesellschaft (LHG), the overall task is to promote the state as a whole, emphasizing services available — one of which is their link with Frankfurt. This argument, incidentally, is being used against emigration from the less-developed cities, towns or areas as much as to attract new investment.

Like Hesse, North-Rhine Westphalia has its own development organization. Like Hesse, too, it has in Dusseldorf a major financial, commercial and communications

center. But the development authority's bias toward encouraging structural change is much more pronounced than in states which have a larger quota of action areas.

The steel and coal industries of the Ruhr are in the throes of fundamental change; the textile industries of Krefeld and Muenster have been among the most hard-hit by foreign imports. Diversification is consequently in the forefront of the development authority's thoughts. "Internal structural change is as much an objective of our strategy as the attraction of international investment," sums up Achim Rohde, general administrator of the Rho-Ruhr district.

In states like Lower Saxony or Bavaria, the state ministries for economic and transport are pushing vigorously for new investment. For Lower Saxony the deepwater port of Wilhelmshaven is a point of attraction; Bavaria has the fast-developing concentration of electronics companies in and around Munich.

Others are using their geographical location and already existing concentrations of certain foreign enterprises as a magnet. The international airport at Frankfurt, the ports of Hamburg and Bremen are obvious examples; border states are using their strategic location to attract investors from neighboring countries. Scandinavians often favor Schleswig Holstein and Hamburg, the French Saarland and the Rhine region; the Dutch like the western districts of North-Rhine Westphalia.

The Japanese preference for Dusseldorf, on the other hand, may have something to do with the tradition of forming national enclaves in foreign lands, even in the business sphere.

West Berlin, too, has its own development authority. It is headed by former Ford executive Robert Layton, who has at his disposal a formidable array of incentives not available in other states for the potential investor, including a range of federal tax concessions. A major goal of West Berlin's development strategy is to halt the population drain. The divided city is in many respects a "special case." —A.H.

Banking: A Consolidation Period

(Continued from Page 75)

of country risk can be to seem larger than it is.

Wolfgang Jahn, a member of management board and of international activities, even Brazil's foreign debt is problem when considered as its gross national product, rather a question of its balance of payments.

Engelbert Dicken of Combank added that "Brazil has by used its foreign debt better than anyone else in the area." Entry risk is by no means the factor involved in the banks' reserve in international banking.

Just the anticipation of international bankers, the margins have not widened 1979, and many West German banks have simply stayed on margins, a surcharge above an interbank offered rate, or R, have been so narrow as to

prevent many smaller banks from taking any part in such floating rate credits.

Some of the best borrowers, such as Sweden or Belgium — who took out debt under their own names — have rarely paid more than three-eighths of a percent over the interbank rate, and some loans have recently been granted with margins of only one-quarter percent.

Theodor Simon, head of international operations for Landesbank Rheinland-Pfalz, said that only with rare exception could he afford to participate in such loans for less than three-fourths percent.

Although banks can increase their return by helping place part of the credit, even the big West German banks have found the current squeeze on margins difficult to manage.

Mr. Guth of Deutsche Bank said the big banks have the advantage of occasionally raising funds from oil-producing countries at less than

the interbank rate, but this does not go too far to ease strain on margins.

A further constraint on international lending is the likelihood that the West German government will this year adopt legislation requiring all West German banks to consolidate results of their banking subsidiaries.

Current capital requirements that apply for the parent bank's lending would then be set against all lending. One estimate indicated that West German banks would face the prospect of having to reduce their lending by a total of DM60 billion.

Mr. Dicken of Commerzbank said the banking community as a whole accepts that this consolidation should occur, though details will need to be worked out.

In anticipation of the new ruling, however, Commerzbank, like other banks, has begun reducing some aspects of its international lending.

1971-1981
10th anniversary

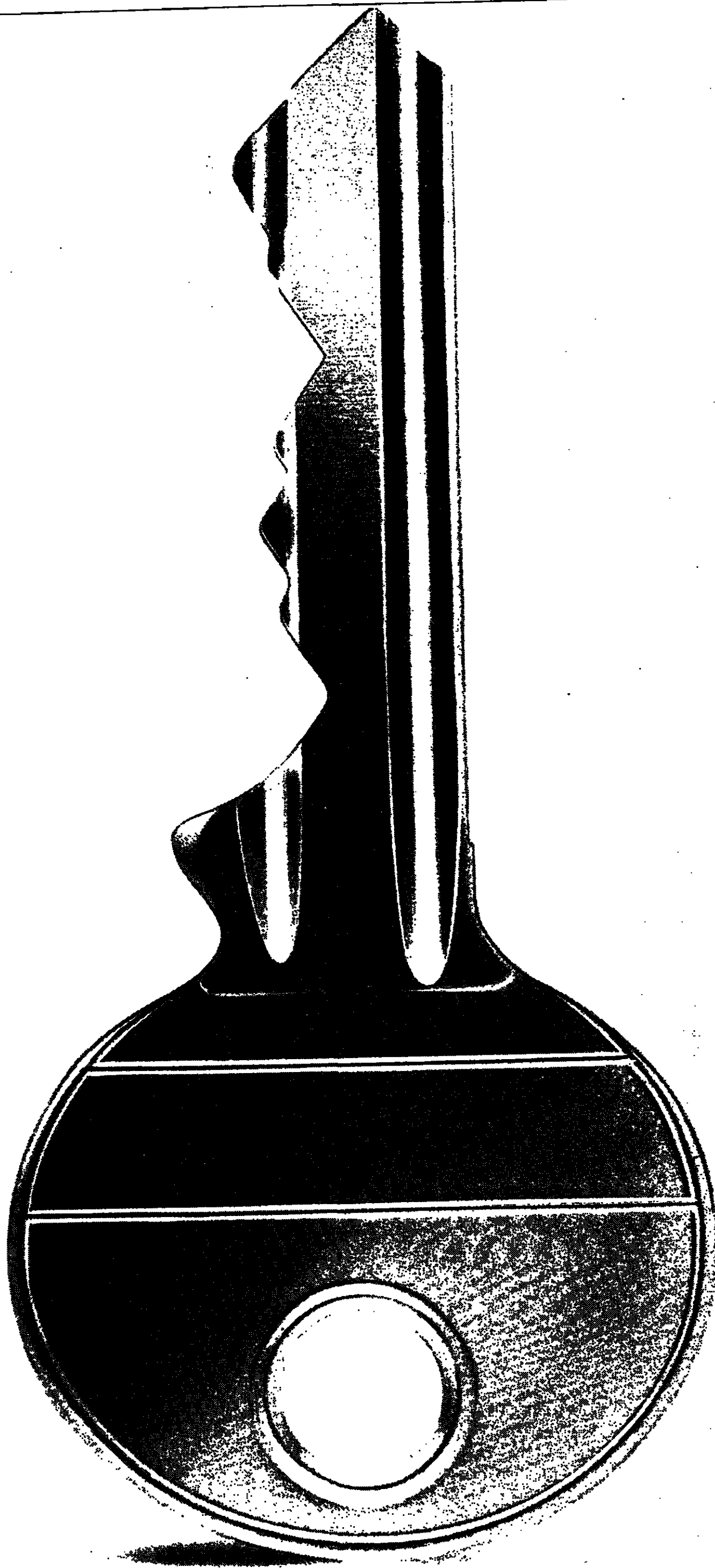
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Handwritten Arabic notes: "دع ديك" and "دع" with some scribbles.

Handwritten Arabic text: "ABED"

Handwritten Arabic text in a box: "سكرا من الاجل"

SINNESS NEWS BRIEFS

Services to Sell Glass Units to Asahi

BSN-Gervais-Danone, the French food and packaging...

nit Adam Opel Records Early '81 Loss

ELSHEIM, West Germany — Adam Opel, the West German...

ays Plans \$125 Million U.S. Note Issue

ON — Barclays Bank has filed a registration statement with...

Sees Commercial Vehicle Sales Rising

— Maschinenfabrik Augsburg-Nurnberg sees its commercial...

Dissolves Hong Kong Unit After Loss

— Nisscho-Iwai, the Japanese trading house, said Tuesday...

ort Financing Cutback sets U.S. Manufacturers

INGTON — U.S. industry says Reagan administration...

of that work will go overseas under the Ex-Im Bank...

Eight Top Banks Agree On Credits for Jamaica

NEW YORK — Eight major international banks have agreed...

Fluor Plans Merger Bid For St. Joe

Offer of \$60 a Share Seen for 45% Stake

NEW YORK — Fluor Corp. said it agreed to offer \$60 a share...

Western Bankers Extend Talks on Poland's Debt

LONDON — Talks concerning Poland's debt to Western banks...

U.K. GDP Fell 3%, Income Rose in '80

LONDON — Gross domestic product fell a record 3 percent...

Wall Street Prices in Rebound

NEW YORK — Prices on the New York Stock Exchange rose...

Dollar Shows Recovery After Sharp Drop Monday

NEW YORK — The dollar rebounded Tuesday in European...

Deutsche Bank Sets Dividend Increase

By John Tagliabue

BONN — Deutsche Bank, West Germany's biggest commercial...

Competition's Poor Showing

Deutsche Bank is the only one of West Germany's three biggest...

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CURRENCY RATES Table with columns for currency, rate, and bank.

Wall Street Prices in Rebound

NEW YORK — Prices on the New York Stock Exchange rose...

New factory orders in February fell 0.5 percent after a drop...

"market is doing better than I expected. I think this is an emotional thing that might not last."

Dollar Shows Recovery After Sharp Drop Monday

NEW YORK — The dollar rebounded Tuesday in European...

The U.S. currency fell sharply against the Belgian franc...

The U.S. currency fell sharply against the Belgian franc...

Advertisement for International Diamond Sales with diamond image and contact info.

Large advertisement for TOKYU LAND CORPORATION bonds with company logo and list of agents.

Steelmakers Urge Bonn to Impose Duties

New York Times Service BONN — West Germany's steelmakers have called on the Bonn government to impose countervailing duties on steel imports from other European countries...

EEC last October, which are to expire June 1. Common Market ministers had given the steel industry until April 1 to agree on voluntary curbs or face extension of the present system...

either by giving them similar subsidies or by imposing duties on subsidized foreign steel products, a spokesman for the Steel Industry Association in Dusseldorf said.

More Talks Planned

Last week, European Community ministers agreed to end steel-industry subsidies throughout the Common Market, except for funds used to reduce steelmaking capacity...

Duties Threatened

But in a message to Chancellor Helmut Schmidt, 10 of West Germany's steel companies Monday asked the Bonn government to offset other European countries' subsidies to their steel industries

SEC Is Studying Charges Against Hunts

By Jerry Knight WASHINGTON — The Securities and Exchange Commission has disclosed for the first time that it is studying possible fraud charges against the billionaire Hunts of Texas for their part in the collapse of the silver market last year.

documents has spelled out in greater detail than ever before made public, the focus of its year-long investigation of the Hunts and their relationship with a group of three dozen banks, brokerage houses and precious metals dealers.

tic this week indicate, is the possibility that "the Hunts may have funneled the proceeds of large loans nominally unrelated to silver into the silver trading activities of various members of the Hunt family."

SEC attorneys have questioned at length executives of the Hunt-owned Placid Oil Co. to try to figure out how the finances of family members were handled, specifically including transfers of funds among various Hunt organizations.

The investigation covered not only U.S. banks, but financial institutions in Europe including Swiss Bank Corp., Credit Lyonnais, Dresdner Bank, Berliner Handels-und Frankfurter Bank, Bank Populaire Suisse, Standard Chartered Bank Ltd. and Barclay's Bank.

spokesman said broad agreement was reached in Luxembourg on production quotas for heavy plate steel, sheets, coils and heavy structural steel. Light structural steel products were excluded from the talks because of the absence of small northern Italian manufacturers, the so-called Bresciani, who specialize in these products.

But the spokesman said full agreement was not reached because of opposition by one major West German steelmaker, understood to be the Klockner Werke. Klockner Werke complained that its quota was set at an unusually low production point in 1974, just before a new steel mill went on line in Bremen. Because of the quotas, it argues, its Bremen plant operates at a fraction of capacity.

Talks Scheduled

The industry spokesman said further talks would be held Thursday in an attempt to overcome remaining obstacles, but he added that the steelmakers were appealing to the government for aid regardless of the talks' outcome.

Other European countries, including Britain and France, have said they favor continuation of the quota system if attempts to reach voluntary curbs fail, as have officials at several major West German steel companies. The West German government, however, has said it opposes prolonging the compulsory system.

NYSE Nationwide Trading Closing Prices Mar. 31

Table with multiple columns showing stock prices for various companies like IBM, GE, Ford, etc. Includes sub-sections for 12 Month Stock High/Low, NYSE Composite, and 12 Month Stock High/Low.

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Eurocurrency Interest Rates

Table showing interest rates for various currencies: Dollar, D-Mark, Swiss, Sterling, French Franc.

Floating Rate Notes

Table listing floating rate notes from various banks like Citicorp, Citibank, etc. with columns for bank, coupon, and bid/ask prices.

Quotations in Canadian Funds

Table listing Canadian funds like Fidelity, etc. with columns for fund name, price, and change.

Toronto Stocks

Table listing Toronto stock market prices for various companies like Alcan, Inco, etc.

European Stock Markets

Table listing European stock market prices for Amsterdam, London, Frankfurt, Zurich, etc.

Canadian Ind

Table listing Canadian indices like S&P 500, Nikkei, etc.

Transportation/Markets Louisiana, right in the middle of the growing Sunbelt, combines maximum flexibility of domestic rail, road and air facilities with 5,000 miles of interstate waterways...

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ADVERTISMENT INTERNATIONAL FUNDS March 31, 1981. The net asset value quotations show how the funds fared with the exception of some funds whose values are not available...

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Other Funds (w) Alexander Fund \$1.31 (w) Acom Commodity Fund \$1,890.23 (w) Investor Int. Fed. (AIF) Fund \$1,184.66

European Stock Markets

Table listing European stock market prices for Amsterdam, London, Frankfurt, Zurich, Milan, etc.

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Other Funds (w) Alexander Fund \$1.31 (w) Acom Commodity Fund \$1,890.23 (w) Investor Int. Fed. (AIF) Fund \$1,184.66

Other Funds (w) Alexander Fund \$1.31 (w) Acom Commodity Fund \$1,890.23 (w) Investor Int. Fed. (AIF) Fund \$1,184.66

Paris Commod (Fluxus in French francs per March 31, 1981) High Low (1981)

Declaration of a stock dividend of 7% and an extraordinary stock dividend of 1% for a total of 8%. Allocation of new shares to the shareholders of the company at an aggregate rate of 2 new shares for 25 shares issued and outstanding on March 31, 1981...

Canadian Ind

Table listing Canadian indices like S&P 500, Nikkei, etc.

Taiwan Loan Limit TAIPEI — A proposal Taiwan's ceiling on the borrowing by state enterprise firms to \$3 billion...

Gold Options (Index) High Low (1981)

MEX Nationwide Trading Closing Prices Mar. 31

Tables include the nationwide prices up to the closing on Wall Street.

Large table of stock prices for various companies, including columns for stock name, price, and change. Includes sections for 12-month stock prices and 17-month stock prices.

Chicago Futures

Table of Chicago futures prices for March 31, 1981, including Wheat, Corn, Soybean Meal, and Soybean Oil.

International Monetary Market

Table of international monetary market prices for various currencies like British Pound, Swiss Franc, and German Mark.

London Metals Market

Table of London metals market prices for commodities like Tin, Lead, Zinc, and Nickel.

Market Summary

Summary table for NYSE Most Actives, showing volume and price changes for major stocks.

Dow Jones Averages

Table showing Dow Jones Industrial Average and other market indices.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages.

Standard & Poors

Table showing Standard & Poors indices.

NYSE Index

Table showing NYSE Index.

Odd-Lot Trading in N.Y.

Table showing odd-lot trading data for NYSE.

American Most Actives

Table showing American Most Actives.

AMEX Index

Table showing AMEX Index.

U.S. COMMODITY PRICES

Large table of U.S. commodity prices for various goods like Soybean Oil, Cotton, Copper, and various types of sugar.

New York Futures

Table of New York futures prices for March 31, 1981.

Cash Prices

Table of cash prices for various commodities.

Selected Over-the-Counter

Table of selected over-the-counter stock prices.

Commodity Indexes

Table of commodity indexes for March 31, 1981.

Tuesday's New Highs and Lows

Table showing Tuesday's new highs and lows for various stocks.

NEW HIGHS - 12

Table showing new highs for 12 different stocks.

NEW LOWS - 12

Table showing new lows for 12 different stocks.

NEW HIGHS - 12

Table showing new highs for 12 different stocks.

NEW LOWS - 12

Table showing new lows for 12 different stocks.

NEW HIGHS - 12

Table showing new highs for 12 different stocks.

NEW LOWS - 12

Table showing new lows for 12 different stocks.

NEW HIGHS - 12

Table showing new highs for 12 different stocks.

COTTON

Table of cotton prices.

COPPER

Table of copper prices.

COMMERICAL PAPER

Table of commercial paper prices.

US TREASURY BONDS

Table of US Treasury bond prices.

HEATING OIL

Table of heating oil prices.

MAINE POTATOES

Table of Maine potato prices.

PORK BELLIES

Table of pork belly prices.

FRESH BROILERS

Table of fresh broiler prices.

SUGAR-WORLD 1

Table of sugar prices.

COCOA

Table of cocoa prices.

ORANGE JUICE

Table of orange juice prices.

US \$ BILLS

Table of US dollar bill prices.

NEW YORK (API)

Table of New York API prices.

Commodity Indexes

Table of commodity indexes.

Tuesday's New Highs and Lows

Table showing Tuesday's new highs and lows.

NEW HIGHS - 12

Table showing new highs for 12 stocks.

NEW LOWS - 12

Table showing new lows for 12 stocks.

NEW HIGHS - 12

Table showing new highs for 12 stocks.

NEW LOWS - 12

Table showing new lows for 12 stocks.

NEW HIGHS - 12

Table showing new highs for 12 stocks.

NEW LOWS - 12

Table showing new lows for 12 stocks.

NEW HIGHS - 12

Table showing new highs for 12 stocks.

